City of McKinney, Texas

Annual Comprehensive Financial Report

Fiscal Year Ended September 30, 2021

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Annual Comprehensive Financial Report

Fiscal Year Ended
September 30, 2021

As Prepared By

Financial Services

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City of McKinney, Texas

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For the Fiscal Year Ended September 30, 2021
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Introductory Section

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February 9, 2022

Honorable Mayor and City Council,
City Manager,
Citizens of McKinney:

The Annual Comprehensive Financial Report (ACFR) of the City of McKinney, Texas (the City), for the fiscal year ended September 30, 2021, is hereby submitted in accordance with Section 46 of the City Charter.

This report provides the City Council, City staff, our citizens, our bondholders and other interested parties with detailed information concerning the financial condition and activities of the City government. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City.

To the best of our knowledge and belief the enclosed data is accurate in all material respects, and is organized in a manner designed to fairly present the financial position and results of operations of the City as measured by the financial activity of its various funds. We also believe that all disclosures necessary to enable the reader to gain the maximum understanding of the City's financial affairs have been included.

Weaver & Tidwell, LLP, Certified Public Accountants, has issued an unmodified ("clean") opinion on the City of McKinney's financial statements for the year ended September 30, 2021. The independent auditor's report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and the two should be read in conjunction with each other.

CITY OF MCKINNEY PROFILE

The City of McKinney, incorporated in 1848, is located in central Collin County, Texas, 30 miles north of downtown Dallas, on U.S. Highway 75. The City currently occupies a land area of 68 square miles and serves a population of approximately 206,654 as of January 1, 2022. The City is empowered to levy property tax on both real and personal properties located within its boundaries. It also is empowered by state statute to extend its corporate limits by voluntary annexation, which occurs periodically, when deemed appropriate by the landowner and governing council.

The City Council is comprised of a mayor and six members and is responsible for enacting ordinances, resolutions, and regulations governing the City, as well as appointing the members of various statutory and advisory boards, the City Manager, City Attorney, and Municipal Judges. The mayor and the council members are elected on a non-partisan basis. Both the mayor and council members serve four-year terms. Four of the council members are elected by district. The mayor and the two remaining council members are elected at large. The City Manager is the chief administrative officer of the government and is responsible for the enforcement of laws and ordinances, the appointment and supervision of the directors and heads of departments, and the performance of functions within the municipal organization.

The City of McKinney provides a full range of services including police, fire, emergency ambulance service, library, parks, recreation, water, sewer, airport, refuse collection and disposal, golf, traffic engineering, streets and infrastructure, community development (planning and zoning), economic development, public improvements, and general administrative services.

The financial reporting entity includes all funds of the primary government (i.e., the City of McKinney as legally defined), as well as the McKinney Urban Transit District, a separate legal entity. The McKinney Urban Transit District is included in governmental activities. Additionally, the financial statements include McKinney Economic Development Corporation (MEDC), McKinney Community Development Corporation (MCDC), McKinney Convention and Visitors Bureau (MCVB), McKinney Housing Finance Corporation (MHFC), and McKinney Main Street (MMS). These separate legal entities are reported as discretely presented component units on the government-wide statements.

LOCAL ECONOMY

McKinney has been one of the fastest growing cities in America since 2000. The City currently estimates population at 206,654. Compared to 131,000 in the 2010 census and 54,000 in the 2000 census, this is an increase of 58% and 283%, respectively.

This growth is due in large part to corporate relocations in McKinney's neighboring cities, including Toyota, State Farm Insurance, Liberty Mutual Insurance and the Dallas Cowboys. These major employers in Collin County create a positive economic overflow for McKinney through increased residential demand resulting in higher assessed values on property. In perspective, McKinney's assessed taxable values have increased 125% since fiscal year 2012.

In an effort to spur our economic growth in McKinney, the City works in conjunction with MEDC and MCDC to make McKinney rich with industry. McKinney is the home to major medical technology, data management, manufacturing, aviation, defense, mixed-use, office and retail. Companies range from Fortune 500 corporations to home-grown businesses. The impressive list includes Raytheon, Encore Wire, Baylor Medical Center at McKinney, Medical Center of McKinney, Torchmark/United American Insurance, UPS, PACCAR, Independent Bank, Costco, SRS Distribution and Service First Mortgage.

The small business community is equally important to the vitality of McKinney's economy. McKinney's 173-year old city center, one of the oldest authentic historic downtowns in Texas, serves as a thriving retail, dining, entertainment and business destination with over 150 unique small businesses. In 2020, the City partnered with Tupps Brewery to expand its brewery operations to the City's historic grain site. This will create a unique destination within McKinney and be a catalyst for development on the city's east side. The City also purchased the 310 space multi-deck public parking garage that provides additional parking for the downtown area.

The City's local economy has recovered from the COVID-19 pandemic with the City of McKinney taxable sales 28% higher than the pre-COVID figures

McKinney's growth and development over the past decade have been built on a strong foundation of overall planning, management, quality of life, and policy direction. All in all, the picture of McKinney is one of a vital community, facing the economic challenges and opportunities of the future with optimism and forethought.

LONG-TERM FINANCIAL PLANNING

The City prepares ten-year financial plans for the General Obligation Debt Service Fund and the General Fund. These longer range planning documents help capture the larger scope of projects that will accommodate and foster future growth, while maintaining financial stability. Both plans are updated and reviewed annually by Council during the budget process.

In 2021, the City completed a long-term water/wastewater rate study that included capital improvement needs in the foreseeable future. This study again made rate suggestions to include passing through all North Texas Municipal Water rate increases at a minimum, which continues to be adopted by the City Council since first proposed in 2016 and is revisited on an annual basis during the budget process.

GENERAL OBLIGATION DEBT SERVICE LONG-TERM FINANCIAL PLAN

This ten-year plan was developed and adopted to pair the City's long-term debt capacity with the City's capital project financing needs. This plan is being used to guide a 2019 bond referendum for voter authorization towards projects planned over the next ten years.

Revenues for the plan, which come from property taxes, are projected at conservative levels and are compared to future estimates of debt service payments. The primary variables are the rate of increase in property tax, debt issuances and new capital improvement projects planned during the projection period. It is the City's policy that the percentage of tax rate allocated to debt services will not be more than 35%.

GENERAL FUND LONG-TERM FINANCIAL PLAN

This plan accounts for the future operating needs of the General Fund. It takes into consideration increased operational demands as result of McKinney's expected population growth, as well as the operational impact of the capital projects outlined in the General Obligation Debt Service Long-Term plan.

Revenues for the General Fund plan are projected at conservative levels and are compared to expenditure increase estimates. The primary variables are the rate of increase in revenues and new projects or programs planned during the projection period. The City's General Fund revenue primarily comes from property taxes, sales tax and franchise fees. The remainder comes from licenses/permits, charges for service, fines and interest income.

FIVE-YEAR CAPITAL IMPROVEMENT PLAN

During the annual budget process, the City of McKinney publishes a capital improvement plan, which outlines the first five years of projects contained within the General Obligation Debt Service Long-Term financial plan and the water/wastewater rate study.

The City annually evaluates the need to issue debt using the five-year capital improvement plan, staying within the guidelines of the approved debt policy and the General Obligation Debt Service ten-year financial plan.

RELEVANT FINANCIAL POLICIES

The City's financial policies set forth the basic framework for the fiscal management of the City. These include policies for accounting, budgeting, capital improvements, asset management, revenue management, and fund balance/reserve levels. These policies were developed within the parameters established by applicable provisions of the Texas Local Government Code and the City of McKinney City Charter. The policies are to be reviewed on an annual basis and modified to accommodate changing circumstances or conditions.

The City's accounting records for general governmental activities are maintained on a modified accrual basis, with the revenues being recorded when available and measurable and expenditures being recorded when the services or goods are received, and the liabilities are incurred. Accounting records for the City's water and sewer utility and other proprietary activities are maintained on the accrual basis.

In developing and maintaining the City's accounting system, consideration is given to the adequacy of the internal control structure. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition; (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets; and (3) compliance with all applicable rules, regulations and contractual requirements. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the evaluation of costs and benefits requires estimates and judgments by management.

All internal control evaluations occur within the above framework. We believe that the City's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

Budgetary control is maintained at the fund level. All annual appropriations lapse at fiscal year-end. Under the City's budgetary process, outstanding encumbrances are reported as reservations of fund balances and do not constitute expenditures or liabilities since the commitments will be re-appropriated and honored the subsequent fiscal year.

The annual budget serves as the foundation for the City of McKinney's financial planning and control. All requests for appropriation by the departments, divisions, and component units of the City of McKinney shall be furnished to the City Manager on or before August 1st each year. A proposed budget is presented to the City Council for review on or before August 15th. The City Council is required to hold public hearings on the proposed budget and to adopt a final budget no later than September 30th, the close of the City's fiscal year. The appropriated budget is prepared by fund, function (e.g. public safety), and department (e.g. police). Transfer of appropriations within a department and within funds may be made with approval from the City Manager or his designee. Transfers between funds or additional appropriation require the approval of the City Council.

MAJOR INITIATIVES

The City of McKinney undertakes major initiatives based on City Council goals and strategies, dubbed as "McKinney First." These are the building blocks for McKinney's success.

MAXIMIZING THE POTENTIAL OF THE MCKINNEY NATIONAL AIRPORT

The City of McKinney is devoted to growing the present and future economic wealth within the City, and the McKinney National Airport is a driving force in keeping pace with the economic trends in North Texas. The McKinney National Airport completed construction of their over 17,000 square-foot executive terminal. In addition, the McKinney National Airport has started the design process of expanding their runway by 1,500 feet. Extending the runway will benefit the entire DFW area by allowing the airport to more effectively serve its roles as a reliever for the region's commercial service airports.

DIRECTION FOR STRATEGIC AND ECONOMIC GROWTH

The City of McKinney, in partnership with MEDC and MCDC, provides development incentive agreements to businesses that will improve the economic and social well-being of its citizens. Major projects incentivized in 2021 include, Vintage Equities completing construction on their 120,000 square-foot corporate office, Raytheon starting construction on their Space and Airborne Systems addition, and SRS completing construction on their 100,000 square foot corporate office expansion.

ENHANCE THE QUALITY OF LIFE IN MCKINNEY

The City of McKinney is committed to leisure and recreational opportunities that enrich the quality of life for residents and visitors. The expansion project of the Old Settler's Recreation Center is now complete and has expanded the fitness room, kitchen, community room, and game room. This expansion added more than 8,000 square feet to the facility along with new futsal and basketball courts. Replacement of playground equipment at various parks throughout the City continues.

OPERATIONAL EXCELLENCE

The City of McKinney holds transparency to be one of its highest values in achieving operational excellence. The city offers substantial transparency measures in an ongoing effort to provide a more open government and continues to add more ways residents can learn about city activities. The City maintains a transparency page on its website which offers news, projects, financial information, agendas, legal updates, hot topics, and other initiatives in one location. The site also includes an interactive financial reporting tool and a performance insight tracking tool to show how city departments are performing against City Council and department goals.

CAPITAL PROJECT INITIATIVES

For Fiscal Year 2021, major project initiatives included stormwater erosion mitigation at the airport, as well as the continuation of the Airport's Runway Expansion project in conjunction with a TXDOT/FAA grant. Other initiatives included Fire Station #8 reconstruction and the design of a new Fire Department Administration facility. Renovations to various athletic fields and parks throughout the City continue. In addition, design and construction continued for various water and street improvements throughout the City.

For Fiscal Year 2022, major project initiatives will include completion of Fire Station #11 in Craig Ranch with services beginning in spring 2022. Other initiatives include the Public Safety Building expansion, construction of Redbud Pump Station, and construction of the North Public Works Complex. Numerous street and water/wastewater improvement projects are moving forward to support population expansion as well as addressing some of our aging infrastructure needs.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of McKinney for its ACFR for the fiscal year ended September 30, 2020. This was the thirty-seventh consecutive year the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both GAAP and applicable legal requirements.

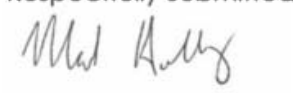
A Certificate of Achievement is valid for a period of one year only. The current ACFR will be submitted to the GFOA where we expect it to meet the Certificate of Achievement eligibility requirements.

The City also received the GFOA's Award for Distinguished Budget Presentation for its annual program of services dated October 1, 2020. This is the thirty-seventh consecutive year the City has received the award. In order to qualify for the Distinguished Budget Presentation Award, the government's budget document was judged to be proficient in several categories including policy document, financial plan, operations guide, and communications device.

Also, in 2021, McKinney maintained its five Texas Comptroller of Public Accounts Transparency Stars for Traditional Finances, Debt Obligations, Contracts and Procurement, Economic Development, and Public Pensions. This award program recognizes local governments across Texas for going above and beyond in their transparency efforts. The Texas comptroller received two hundred and three applications from local entities, of which only thirteen received the maximum five Transparency Stars.

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the Financial Services Department, our Audit Committee, and our independent auditors. We would like to express our sincere appreciation to those persons who have made possible the publication of this report. Credit also must be given to the Mayor, City Council and the City Manager's Office for their support for maintaining the highest standards of professionalism in the management of the City of McKinney's finances.

Respectfully Submitted,



Mark Holloway
Chief Financial Officer

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of McKinney
Texas

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2020

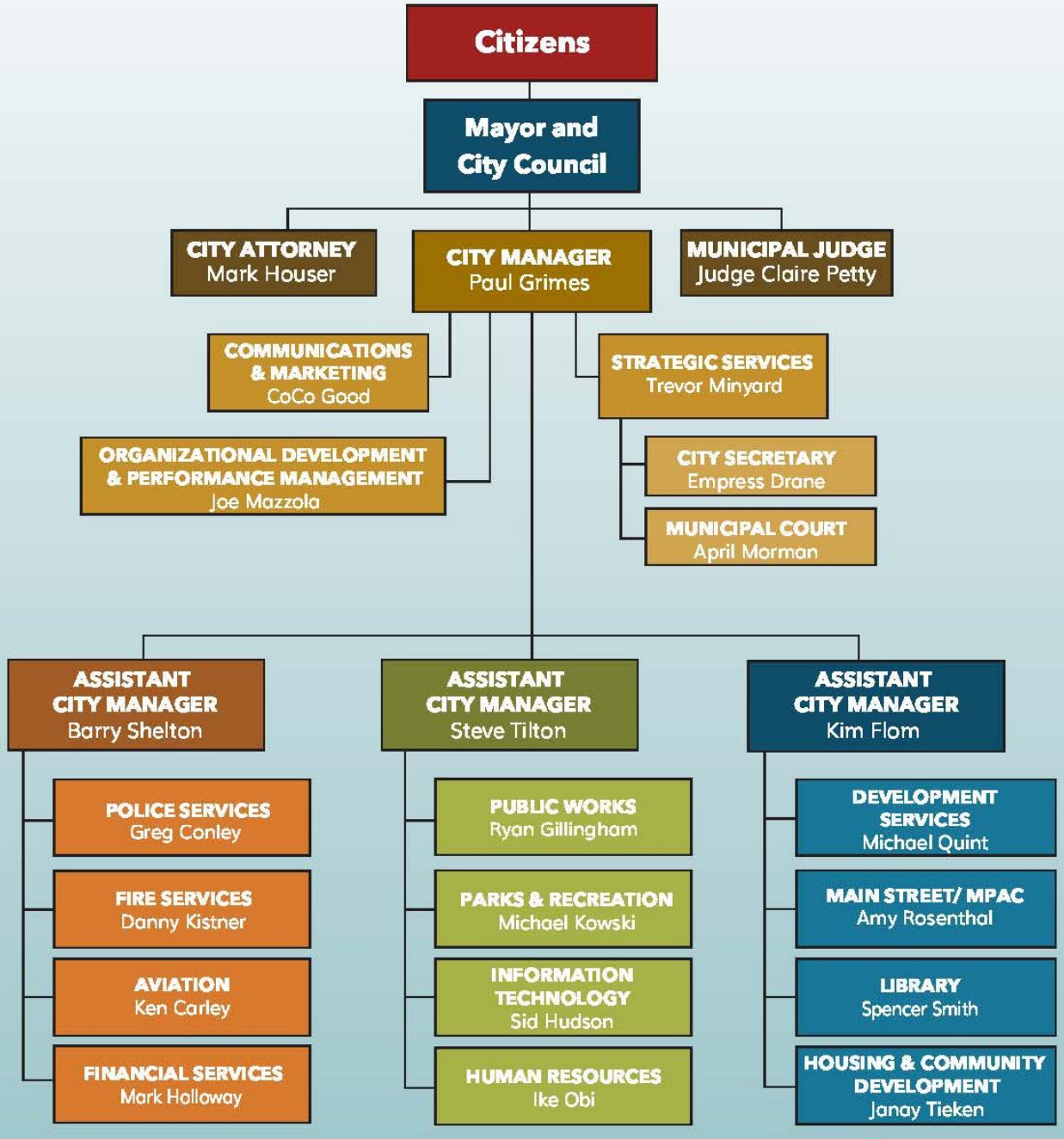
Christopher P. Morrill

Executive Director/CEO

CITY OF McKINNEY

ORGANIZATIONAL CHART

(AS OF 10-26-2021)



City of McKinney, Texas
City Officials

CITY COUNCIL

George Fuller, Mayor
Rainey Rogers, Mayor Pro-Tem
Justin Beller
Geré Feltus
Rick Franklin
Charlie Philips
Frederick Frazier

CITY MANAGER

Paul Grimes

ASSISTANT CITY MANAGERS

Kim Flom
Barry Shelton
Steve Tilton

CHIEF FINANCIAL OFFICER

Mark Holloway

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Financial Section

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Independent Auditor's Report

Members of the City Council
City of McKinney, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of McKinney, Texas (the City), as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

The City's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City as of September 30, 2021 and the respective changes in financial position and, where applicable, cash flows thereof and the statement of revenues, expenditures, and changes in fund balances-budget and actual-general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, during the fiscal year ended September 30, 2021, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. Beginning net position in the custodial fiduciary fund has been restated as a result of the implementation of this statement. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying combining and individual fund financial statements and schedules, the introductory section, and statistical section as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying combining and individual fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Members of the City Council
City of McKinney, Texas

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated February 9, 2022 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the City's internal control over financial reporting and compliance.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Dallas, Texas
February 9, 2022

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Management's Discussion and Analysis

As management of the City of McKinney, we offer readers of the City of McKinney financial statements this narrative overview and analysis of the financial activities of the City of McKinney for the fiscal year ended September 30, 2021. Please read this in conjunction with the transmittal letter at the beginning of the report and the City's financial statements following this section.

I. FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City of McKinney exceeded its liabilities and deferred inflows of resources at September 30, 2021, by $1,383 million (Net Position). Of this amount, $1,078 million (78%) are invested in capital assets which do not directly generate revenue and are not available to generate liquid capital. Net position restricted for specific purposes total $130 million (9%). The remaining $174 million (13%) is unrestricted and may be used to meet the government's ongoing obligations to citizens and creditors.
- The City of McKinney's net position increased by $100 million or 8%. Unrestricted net position, which may be used to meet the City's ongoing obligations to citizens and creditors, increased by $16 million or 10%.
- At the close of the current fiscal year, the City of McKinney's governmental funds reported combined ending fund balances of $344 million, an increase of $9 million in comparison to the prior year. Approximately $76 million, or 22%, of the fund balance is available for spending at the government's discretion (unassigned fund balance).
- Within the combined fund balances, $4.1 million is nonspendable for inventory and prepaid items. Fund balance is restricted in the amounts of $6.0 million for debt service, $220.4 million is for street construction and other capital projects, and $9.0 million for courts, grants and the other external constraints of special revenue funds. Assignments of fund balance have been made in the amounts of $8.6 million for other postemployment benefits (OPEB), $18.8 million for capital equipment replacement, $0.5 million for disaster relief and $0.9 million for public and performing arts. The remaining $76.3 million is unassigned fund balance and can be used for any lawful purpose. The unassigned fund balance is equal to 48% of total general fund expenditures. This represents 19% more than the fund balance policy requirement of 25%.
- On a government-wide basis, the City's total liabilities increased by $60.6 million or 10% during the current fiscal year. Major contributable factors include debt issuances resulting in net increase of $50.3 million increase to bonds payable including associated changes in bond premiums.

II. OVERVIEW OF THE FINANCIAL STATEMENTS

Management's discussion and analysis is intended to serve as an introduction to the City of McKinney's basic financial statements. The City of McKinney's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Government – Wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of the City of McKinney's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the City of McKinney's assets, deferred outflows of resources and liabilities, with the difference between the total of assets and deferred outflows of resources and liabilities reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of McKinney is improving or deteriorating.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

Thus, revenues and expenses are reported in these statements for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave). Both the statement of net position and the statement of activities are prepared utilizing the accrual basis of accounting as opposed to the modified accrual basis used in prior reporting models.

In the Statement of Net Position and the Statement of Activities, the City is divided into three kinds of activities:

- **Governmental Activities** – Most of the City's basic services are reported here, including administrative, police, fire, development, public works, parks, and library. Property taxes, sales taxes, hotel occupancy taxes, franchise fees, licenses and permit fees finance most of these activities.

- **Business-type Activities** – The City charges a fee to customers to cover all or most of the cost of certain services it provides. The City's water and wastewater system, solid waste system, airport, golf course and surface water drainage system are reported here.

- **Component Units** – The City includes five separate legal entities in its report –McKinney Economic Development Corporation, McKinney Community Development Corporation, McKinney Convention and Visitors Bureau, McKinney Main Street, and McKinney Housing Finance Corporation. Although legally separate, these component units are important because the City is financially accountable for them.

The government-wide financial statements can be found on pages 21-23 of this report.

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of McKinney, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of McKinney can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

- **Governmental Funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

  Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

  The City of McKinney maintains twelve individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, debt service fund, and capital projects fund, all of which are considered to be major funds. Data from the other nine governmental funds are combined into a single, aggregated presentation.

Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The City of McKinney adopts an annual appropriated budget for its general fund, debt service fund, capital projects fund, grants fund and non-major special revenue funds. Budgetary comparison statements have been provided for each of these funds to demonstrate compliance with the budget.

The basic governmental fund financial statements can be found on pages 24-29.

- **Proprietary Funds.** The City charges customers for the services it provides, whether to outside customers or to other units within the City. These services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. There are two types of proprietary funds: enterprise funds and internal service funds. The City's enterprise funds are identical to the business-type activities that are reported in the government-wide statements, but provide more detail and additional information, such as cash flows, for proprietary funds. Because these services benefit both governmental as well as business-type functions, they have been included in both the governmental and business-type activities in the government-wide financial statements.

  The City of McKinney maintains five individual enterprise funds to account for its water and wastewater, airport, solid waste, golf course, and surface water drainage. The water and wastewater fund and airport fund are considered major funds, while the solid waste fund, golf course fund and surface water drainage fund are considered as non-major funds of the City. Individual fund data for each of these funds is provided in the form of combining statements in this report.

  The City of McKinney uses the internal service funds as an accounting device to accumulate and allocate costs internally among the City's various functions. The City maintains one internal service fund to account for the claims of the City's self-funded insurance program and risk management program.

  The basic proprietary fund financial statements can be found on pages 30-33.

- **Fiduciary Responsibilities.** The City is the trustee, or fiduciary, for certain amounts held on behalf of developers, property owners and others. All of the City's fiduciary activities are reported in a separate Statement of Fiduciary Net Position. The activity of this fund is excluded from the City's other financial statements because the City cannot use these assets to finance its operations. The City is responsible for ensuring that the assets reported in this fund is used for their intended purpose.

  The basic fiduciary fund financial statements can be found on pages 34-35.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 41-86.

Other Information. In addition to the basic financial statements and accompanying notes, this report presents certain required supplementary information concerning the City of McKinney's progress in funding its obligation to provide pension benefits and other postemployment benefits to its employees, which can be found on pages 88-93.

The combining statements referred to earlier in connection with the non-major governmental funds, non-major enterprise funds and discretely presented component units are presented immediately following the required supplementary information on pensions. Combining statements and individual fund statements can be found on pages 96-133 of this report.

III. GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of McKinney, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $1,383 million as of September 30, 2021.

By far the largest portion of the City's net position, $1,078 million or 78% reflects its investment in capital assets (e.g. land, buildings, machinery, and equipment) less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

An additional portion of the City of McKinney's net position, $130 million or 9%, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, $174 million or 13% may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City reported a positive balance in all three categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

The net position for governmental activities and business-type activities are summarized as follows:

	Governmental Activities		Business-Type Activities		Total	
	FY 2021	FY 2020	FY 2021	FY 2020	FY 2021	FY 2020
Assets						
Current and other assets	$ 405,280	$ 381,130	$ 241,654	$ 219,911	$ 646,934	$ 601,041
Capital assets	766,644	672,927	606,834	587,327	1,373,478	1,260,254
Total Assets	1,171,924	1,054,057	848,488	807,238	2,020,412	1,861,295
Deferred Outflows of Resources	19,871	15,933	6,657	6,813	26,528	22,746
Liabilities						
Other liabilities	42,227	31,010	12,332	16,032	54,559	47,042
Long-term liabilities outstanding	404,189	374,562	193,151	169,733	597,340	544,295
Total Liabilities	446,416	405,572	205,483	185,765	651,899	591,337
Deferred Inflows of Resources	10,854	8,865	1,389	1,122	12,243	9,987
Net Position						
Net investment in capital assets	553,954	496,467	524,411	503,428	1,078,365	999,895
Restricted	116,857	110,985	13,549	14,285	130,406	125,270
Unrestricted	63,714	48,101	110,313	109,451	174,027	157,552
Total Net Position	$ 734,525	$ 655,553	$ 648,273	$ 627,164	$ 1,382,798	$ 1,282,717

The City of McKinney's net position increased by $100 million during the current fiscal year. This was driven by an increase in governmental and business-type net position of $78.9 million and $21.1 million, respectively. Details are listed in the table below.

Table 2
Changes in Net Position
(in Thousands)

	Governmental Activities		Business-Type Activities		Total	
	FY 2021	FY 2020	FY 2021	FY 2020	FY 2021	FY 2020
Revenues:						
Program revenues:						
Charges for services	$ 33,621	$ 26,592	$ 128,467	$ 123,582	$ 162,088	$ 150,174
Operating grants and contributions	12,323	15,557	141	207	12,464	15,764
Capital grants and contributions	71,184	45,670	20,499	28,015	91,683	73,685
General revenues:						
Property taxes	128,658	123,658	-	-	128,658	123,658
Sales taxes	39,080	34,034	-	-	39,080	34,034
Franchise taxes	16,388	15,960	-	-	16,388	15,960
Other taxes and fees	301	325	-	-	301	325
Investment income	354	4,362	2,154	4,013	2,508	8,375
Other revenues	2,336	1,442	1,496	63	3,832	1,505
Total revenues	304,245	267,600	152,757	155,880	457,002	423,480
Expenses:						
General government	55,514	46,445	-	-	55,514	46,445
Police	41,444	40,922	-	-	41,444	40,922
Fire	40,379	38,323	-	-	40,379	38,323
Libraries	4,229	4,022	-	-	4,229	4,022
Development	13,045	12,353	-	-	13,045	12,353
Parks and recreation	20,844	19,863	-	-	20,844	19,863
Public works	48,210	47,002	-	-	48,210	47,002
Interest on long-term debt	8,011	8,777	-	-	8,011	8,777
Airport	-	-	12,361	10,468	12,361	10,468
Water/Wastewater	-	-	100,401	99,507	100,401	99,507
Solid Waste	-	-	9,213	8,096	9,213	8,096
Golf Course	-	-	76	77	76	77
Surface Water Drainage	-	-	3,193	3,458	3,193	3,458
Total expenses	231,676	217,707	125,244	121,606	356,920	339,313
Increase (decrease) in net position before transfers and special items	72,569	49,893	27,513	34,274	100,082	84,167
Transfers	6,403	1,339	(6,403)	(1,339)	-	-
Increase (decrease) in net position	78,972	51,232	21,110	32,935	100,082	84,167
Net Position - Beginning	655,553	604,321	627,163	594,229	1,282,716	1,198,550
Net Position - Ending	$ 734,525	$ 655,553	$ 648,273	$ 627,164	$ 1,382,798	$ 1,282,717

Governmental activities

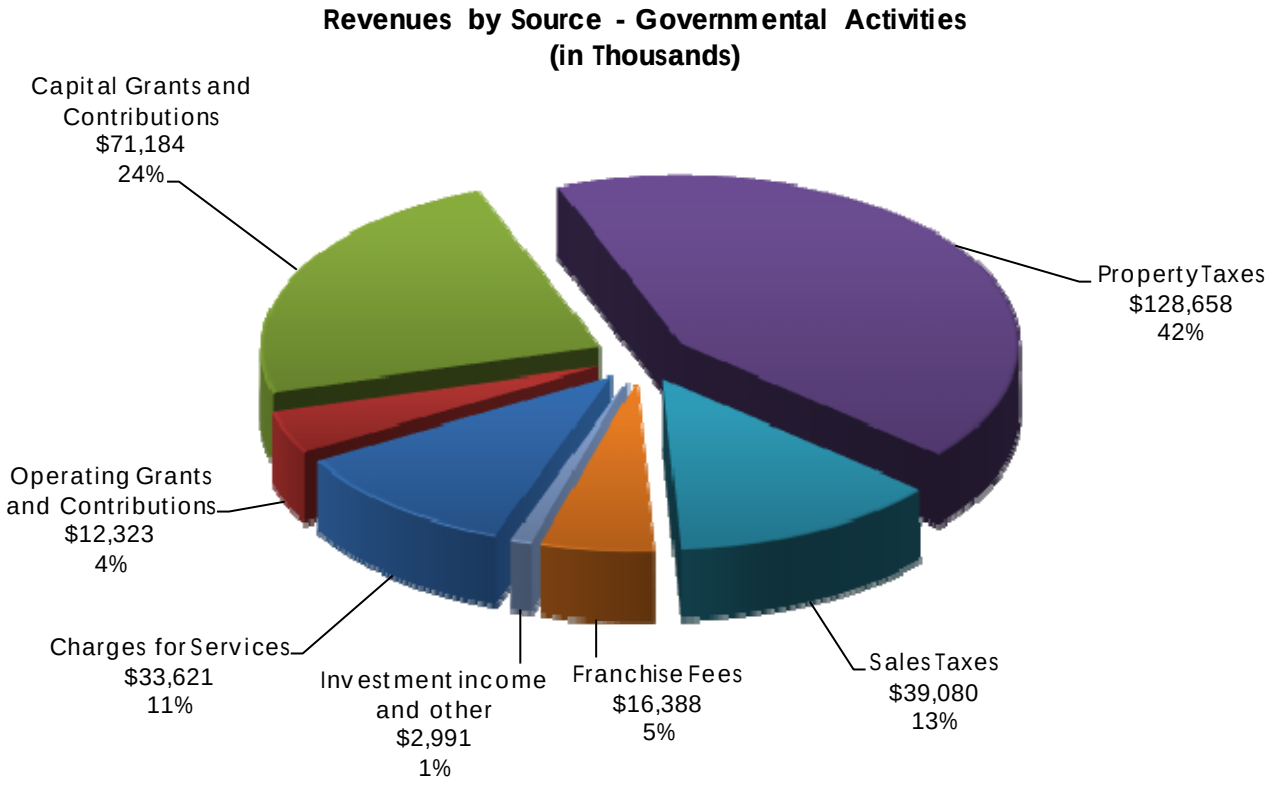
Governmental activities increased the City's net position by $78.9 million during the current fiscal year. The key elements of this increase are as follows:

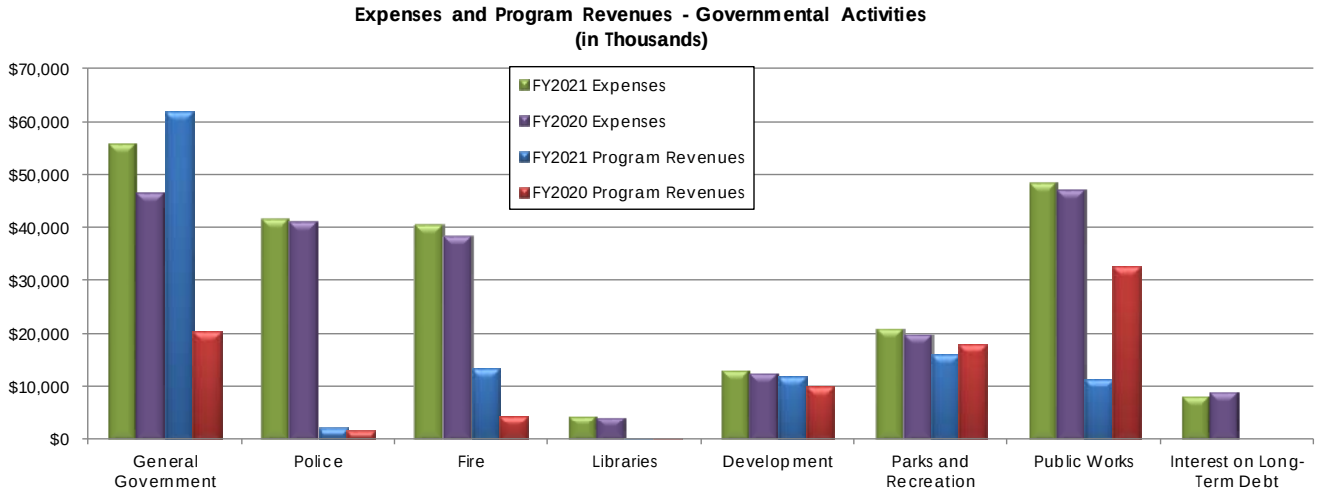
Revenues

- Property Taxes increased by $5.0 million as a result of a 5% increase in certified taxable value.
- Sales taxes increased by $5.0 million, or 15% as a result of population and commercial growth in the area.
- Capital grants and contributions increased by $25.5 million or 56% primarily as a result of an increase of $26.9 million in developer contributions.

Expenses

- The City's governmental expenses increased by $14.0 million.
- The 2021 budget authorized 31 additional positions and a 3% Cost of Living adjustment for $4.4 million.


Revenues by Source - Governmental Activities
(in Thousands)
Capital Grants and Contributions $71,184 24%
Property Taxes $128,658 42%
Operating Grants and Contributions $12,323 4%
Charges for Services $33,621 11%
Investment income and other $2,991 1%
Franchise Fees $16,388 5%
Sales Taxes $39,080 13%



Business-type activities

Business-type activities increased the City of McKinney's net position by $21.1 million, accounting for the increase in the government's net position. Key elements of this increase are as follows:

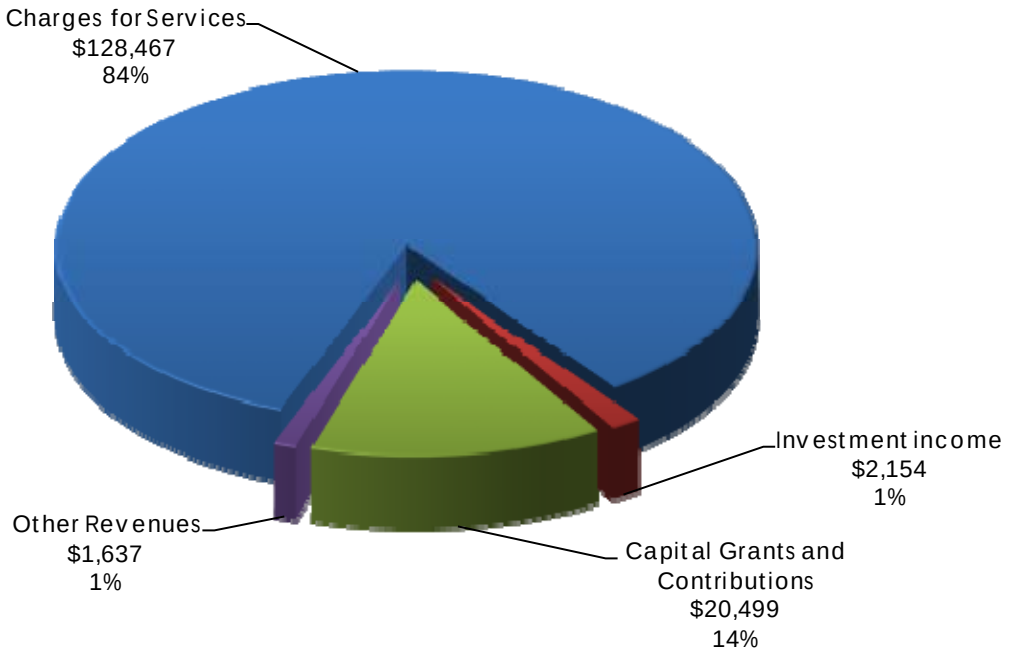
Revenues

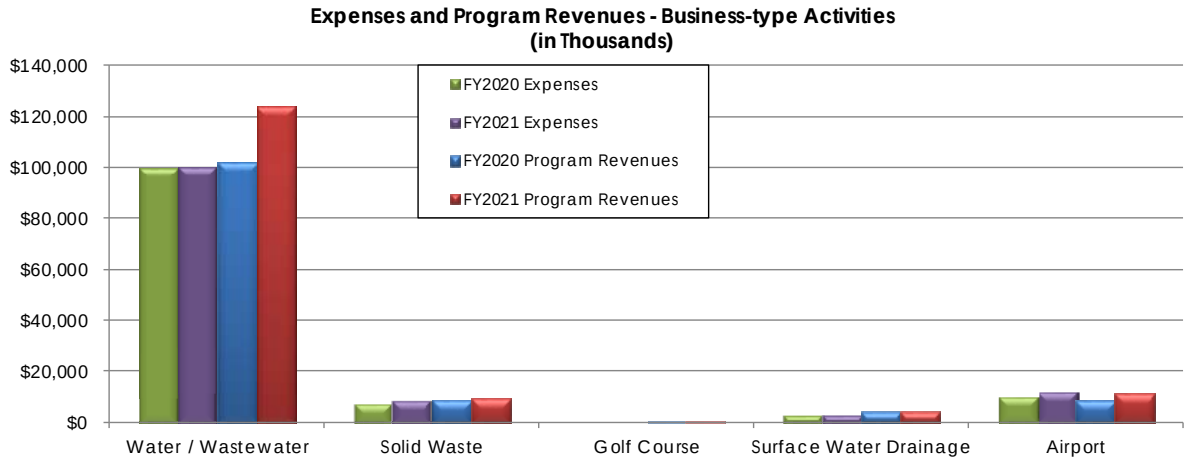
- The Water/Wastewater Fund's operating revenues increased by $4 million, or 4% as a result of residential growth adding approximately 2,200 new customer accounts.
- The Water/Wastewater Fund received capital contributions of $19.5 million relating to continued development in the City.
- The Airport Fund's operating revenues increased by $1.5 million or 17% due to a 149,000 increase in Jet Fuel gallons sold.

Expenses

- Operating expenses in business-type activities stayed consistent to the prior year with a total increase of $2.3 million or 2%. This increase is attributed to an increase of $0.8 million in water purchases from North Texas Municipal Water District.

Revenues by Source - Business-Type Activities
(in Thousands)





Financial Analysis of the City's Funds

Governmental Funds

The focus of governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the close of the current fiscal year, the governmental funds reported combined ending fund balances of $344.5 million, an increase of $9.5 million or 3% in comparison to the prior year. Approximately $76.3 million or 22% of this total amount constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of the fund balance is either considered nonspendable, restricted, or assigned in conformance with GASB 54 requirements. Please see page 24 for financial details and notes to financial statements for category definitions.

General Fund. The general fund is the chief operating fund of the City of McKinney. At the end of the current fiscal year, the unassigned general fund balance was $76.3 million, while total fund balance was $109.6 million. As a measure of the general fund's liquidity, it may be useful to compare unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 47% of total general fund expenditures.

The original budget included a planned decrease in fund balance of $3.7 million. However, the general fund balance increased by $14.1 million or 14.8% during the current fiscal year. Actual revenue was above budget by $16.2 million primarily related to sales tax being $6.9 million over the original budget.

Debt Service Fund. The debt service fund had a total fund balance of $6.0 million, a decrease of $1.2 million over the prior year. The City's annual debt service requirements slightly outweighed the property tax revenue.

Capital Projects Fund. The governmental capital projects fund had an ending fund balance of $209.7 million. Total expenditures for the current year were $103.3 million. The large fund balance is due primarily to the issuance of long-term debt during the fiscal year. A second factor contributing to the large fund balance is the result of many unfinished projects. Most of the projects have long duration due to the acquisition of right-of-way and construction phases. Major expenditures incurred during the current year include Fire Station #8 reconstruction and design of a new Fire Department Administration Facility.

Proprietary Funds

The City's proprietary funds provide the same type of information that is found in the government-wide financial statements for business-type activities, but in more detail. At September 30, 2021, net position of the proprietary funds included the following amounts of net position:

Water and Wastewater Fund. Water and Wastewater Fund net position increased by $22.4 million resulting primarily from capital contributions. Operating revenues totaled $106.0 million, an increase of $4 million, or 4% over the prior year due to residential development resulting in 2,219 new service locations. Operating expenses in the Water and Wastewater Fund were $94.0 million, an increase of $0.5 million or 1% over the prior year, primarily a result of the increases in NTMWD water purchase rates and sewer service charges.

Airport Fund. The City's Airport Fund ended the year with a net position of $132.6 million, which was a decrease of $1.1 million compared to the previous year. This was a result of depreciation totaling $4.8 million. The unrestricted net position of the Airport Fund increased by $2.3 million or 29.6% during the current fiscal year. Operating revenues increased by $1.5 million for the year due to the increase in Jet Fuel sales. Operating expenses were $12.3 million which increased by $982 thousand.

Solid Waste Fund. The City's Solid Waste Fund net position decreased by $880 thousand. Operating revenues totaled $9.3 million, which was an increase of $356 thousand as compared to the previous year. Operating expenses and net transfers were $10.3 million which were $154 thousand higher than the previous year.

Golf Course Fund. The Golf Course Fund net position increased by $97 thousand. Revenues were approximately $174 thousand which was the contract fee. Expense was primarily city constructed maintenance improvements and depreciation totaling $76 thousand. In October 2008, the management of the golf course was outsourced to a contractor, DWW Golf Management. The contractor is responsible for collecting all revenues and budgeting for operating expenses. Under the contract terms, the City of McKinney collects an amount equal to 8% of gross revenues.

Surface Water Drainage Fund. The Surface Water Drainage Fund's net position increased by $672 thousand to $6.6 million. Charges for services remained relatively consistent with the prior year at $4.2 million.

General Fund Budgetary Highlights

The actual FY2020-21 expenditures were $160.6 million, $5.1 million less than the final budget of $165.7 million. However, at the end of the year, $1.4 million of budgeted development studies, capital equipment replacements, and other various projects were not completed and will be re-appropriated to fiscal year 2022.

Actual revenues were $175.4 million or $9.7 million more than the $165.7 million budget plan. The final revenue budget was $6.5 million more than the original adopted budget mainly attributed to the increase in sales tax.

IV. CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets. At the end of the fiscal year, the City had $1.37 billion invested in a broad range of capital assets, including land and buildings, roads, bridges, water and wastewater systems, drainage systems, park facilities, and police and fire equipment. This amount represents a net increase (including additions and deductions) of $113.2 million over the prior fiscal year.

Capital assets, net of accumulated depreciation in thousands, for governmental activities and business-type activities are summarized as follows:

Table 4
Capital Assets at Year-end
(Net Accumulated Depreciation, in Thousands)

	Governmental Activities		Business-Type Activities		Total	
	FY 2021	FY 2020	FY 2021	FY 2020	FY 2021	FY 2020
Land	$ 75,370	$ 46,943	$ 53,594	$ 53,671	$ 128,964	$ 100,614
Works of art	94	94	-	-	94	94
Construction in progress	141,880	122,614	70,756	70,113	212,636	192,727
Buildings	123,479	119,356	37,479	39,428	160,958	158,784
Infrastructure	399,401	356,895	437,516	416,099	836,917	772,994
Machinery and equipment	26,391	27,005	7,489	8,016	33,880	35,021
Service animals	29	20	-	-	29	20
Total	$ 766,644	$ 672,927	$ 606,834	$ 587,327	$ 1,373,478	$ 1,260,254

Capital project commitments as of September 30, 2021:

Description	Appropriated Commitment
Water/Wastewater Projects	$ 92,694,737
Streets Projects	94,758,684
Parks Projects	54,346,553
Public Safety Projects	13,484,618
Municipal Facilities	22,072,722
Technology Projects	9,450,000
Stormwater Projects	13,228,237
Airport Projects	23,782,799
	$ 323,818,350

Additional information about the City's capital assets is presented in Note (3) to the financial statements at pages 57-60.

Long-term Debt. At year end, the City had $516.5 million in general obligation bonds, certificates of obligation, tax notes and revenue bonds. The total debt was $466.2 million at the end of the prior fiscal year. This represents an increase of 11%. All outstanding debt is summarized in thousands below:

	Governmental Activities		Business-Type Activities		Total	
	FY 2021	FY 2020	FY 2021	FY 2020	FY 2021	FY 2020
General obligation bonds, certificates of obligations and tax notes (backed by the City)	$ 332,162	$ 305,011	$ -	$ -	$ 332,162	$ 305,011
Revenue bonds (backed by fee revenues)	-	-	184,308	161,152	184,308	161,152
Totals	$ 332,162	$ 305,011	$ 184,308	$ 161,152	$ 516,470	$ 466,163

In 2021, the City once again received the highest ratings issued from two major credit rating agencies for its general obligation (GO) bonds. Moody's Investors Service reaffirmed its Aaa rating and Standard and Poor's reaffirmed its AAA rating for the City's general obligation bonds. The city reaffirmed ratings of Aa1 from Moody's and AA+ with stable outlook from Standard and Poor's for its water and wastewater utilities system.

Additional information on the long-term debt can be found in Note (3) to the financial statements starting at page 63.

V. ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The City of McKinney, Texas continues to be financially strong. Although the economy is the primary factor, the City's elected and appointed officials considered many factors when setting the fiscal year 2022 budget, tax rates and fees that will be charged for the business-type activities. The priority for fiscal year 2022 continues to be maintaining quality service while observing prudent spending practices.

Highlights of the 2022 budget include:

- Balanced budget, with total revenues equal to or greater than total expenditures
- Property tax rate reduced by just over one cent to $0.497655 cents per $100 assessed value
- Total City budget $617 million
- General Fund budget $171.4 million
- Increased and sustained funding for equipment and facilities improvements
- Budgeted supplemental funding of $13.7 million ($5.7 million for additional staff and other recurring costs, $8 million for one-time costs) to accommodate citywide departmental needs and operating impacts from Capital Improvement Program
- Additional 49 full-time equivalent (FTE) positions (43 in the General Fund and 6 in other funds)

The property tax rate for fiscal year 2022 decreased from $0.508645 to $0.497655 per $100 assessed value.

For fiscal year 2022, the water rates remained the same and wastewater (sewer) rates increased 6%, due to increased cost of service from the North Texas Municipal Water District (NTMWD). The monthly minimum residential water charge will remain at $16.50. The water volume rate will charge customers $4.00 per thousand gallons for the first 7,000 gallons. Residential and sprinkler/irrigation customers will be charged $5.50 per thousand gallons if the monthly consumption exceeds 7,000 gallons but is less than 20,000 gallons; monthly consumption that exceeds 20,000 gallons but less than 40,000 gallons will be charged at $6.95; monthly consumption over 40,000 gallons will be charged at 8.35 per thousand gallons. The monthly minimum wastewater rate will increase from $19.85 to $21.05. The wastewater volume rate will increase from $5.55 to $5.90 per thousand gallons of water used.

Requests for Information

The financial report is designed to provide a general overview of the City of McKinney's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Chief Financial Officer, City of McKinney, 222 North Tennessee Street, McKinney, Texas 75069.

Basic Financial Statements

McKINNEY®
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Unique by nature.

City of McKinney, Texas
Statement of Net Position
September 30, 2021

	Governmental Activities	Business-type Activities	Total	Component Units
ASSETS				
Cash and cash equivalents	$ 163,166,249	$ 20,590,864	$ 183,757,113	$ 66,196,133
Investments	74,639,382	47,435,940	122,075,322	-
Receivables (net of allowance for uncollectibles)	18,748,516	16,762,427	35,510,943	6,560,932
Internal balances	410,530	(410,530)	-	-
Due from other governments	3,830,599	-	3,830,599	-
Other assets	-	-	-	51
Inventory	222,215	709,147	931,362	-
Prepaid items	3,896,956	1,487,334	5,384,290	10,773,367
Restricted assets:				
Cash and cash equivalents	140,365,248	141,054,470	281,419,718	3,662,408
Investments	-	14,018,537	14,018,537	-
Accrued interest receivable	-	6,017	6,017	-
Capital assets:				
Non depreciable	217,343,642	124,350,110	341,693,752	77,118,124
Depreciable (net)	549,300,528	482,483,809	1,031,784,337	271,998
Total assets	1,171,923,865	848,488,125	2,020,411,990	164,583,013
DEFERRED OUTFLOWS OF RESOURCES				
Deferred pension outflows	13,582,003	1,816,851	15,398,854	243,731
Deferred OPEB outflows	4,310,465	438,639	4,749,104	58,843
Deferred charge for refunding	1,978,589	438,372	2,416,961	198,301
Excess consideration provided for acquisition	-	3,963,440	3,963,440	-
Total deferred outflows of resources	19,871,057	6,657,302	26,528,359	500,875
LIABILITIES				
Accounts payable	13,077,069	2,688,003	15,765,072	394,815
Other accrued liabilities	11,529,497	4,593,802	16,123,299	100,865
Unearned revenue	14,620,410	-	14,620,410	3,167,285
Accrued interest payable	1,458,492	294,712	1,753,204	106,454
Deposits	1,542,280	4,755,354	6,297,634	-
Non-current liabilities:				
Due within one year:				
Compensated absences	1,025,847	109,460	1,135,307	15,446
Bonds payable	33,024,459	11,891,317	44,915,776	3,230,000
Due in more than one year:				
Compensated absences	14,354,158	1,531,620	15,885,778	216,124
Bonds payable	299,137,733	172,417,053	471,554,786	37,770,000
Net pension liability	34,641,646	4,633,983	39,275,629	621,650
Total OPEB liability	22,004,887	2,567,171	24,572,058	344,387
Total liabilities	446,416,478	205,482,475	651,898,953	45,967,026
DEFERRED INFLOWS OF RESOURCES				
Deferred pension inflows	7,536,465	1,008,071	8,544,536	135,233
Deferred OPEB inflows	3,317,314	381,420	3,698,734	51,168
Total deferred inflows of resources	10,853,779	1,389,491	12,243,270	186,401
NET POSITION				
Net investment in capital assets	553,954,416	524,411,432	1,078,365,848	54,950,975
Restricted for:				
Use of impact fees	12,534,491	4,247,524	16,782,015	-
Debt service	4,999,807	9,301,316	14,301,123	3,638,864
Capital projects	79,624,383	-	79,624,383	-
Public safety	457,823	-	457,823	-
Community development	15,794,962	-	15,794,962	-
Court	563,451	-	563,451	-
PEG	2,381,953	-	2,381,953	-
Grants and donations	499,164	-	499,164	-
Unrestricted	63,714,215	110,313,189	174,027,404	60,340,622
TOTAL NET POSITION	$ 734,524,665	$ 648,273,461	$ 1,382,798,126	$ 118,930,461

The notes to the financial statements are an integral part of this statement.

City of McKinney, Texas
Statement of Activities
For The Year Ended September 30, 2021

Function/Program Activities	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General government	$ 55,513,531	$ 9,923,123	$ 8,579,415	$ 43,636,101
Police	41,444,186	337,089	1,644,295	-
Fire	40,379,354	7,011,184	194,295	6,151,340
Libraries	4,228,802	97,020	8,873	-
Development	13,044,611	10,512,428	1,372,628	-
Parks and recreation	20,844,556	4,523,173	523,301	10,968,080
Public works	48,209,770	1,217,169	-	10,428,470
Interest on long-term debt	8,011,179	-	-	-
Total governmental activities	231,675,989	33,621,186	12,322,807	71,183,991
Business-type activities:				
Water/wastewater	100,401,100	104,813,321	-	19,525,806
Solid waste	9,213,474	9,262,912	-	-
Golf course	75,678	90,979	-	-
Surface water drainage	3,193,115	4,228,166	-	-
Airport	12,360,879	10,071,788	141,162	973,420
Total business-type activities	125,244,246	128,467,166	141,162	20,499,226
Total primary government	$ 356,920,235	$ 162,088,352	$ 12,463,969	$ 91,683,217
Component units:				
Governmental Activities:				
McKinney Economic Development Corp	$ 9,037,357	$ -	$ -	$ -
McKinney Community Development Corp	13,098,643	-	-	-
McKinney Convention & Visitors Bureau	849,595	-	878,000	-
McKinney Main Street Corporation	1,211,099	1,198,463	166,921	-
	24,196,694	1,198,463	1,044,921	-
Business-type activities:				
McKinney Housing Finance Corporation	67,046	160,223	-	-
Total component units	$ 24,263,740	$ 1,358,686	$ 1,044,921	$ -
General revenues:				
Property taxes				
Sales taxes				
Franchise taxes				
Other taxes				
Investment income				
Gain on sale of assets				
Miscellaneous				
Transfers				
Total general revenues and transfers				
Change in net position				
Net position - beginning				
Net position - ending				

The notes to the financial statements are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Position			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
$ 6,625,108	$ -	$ 6,625,108	$ -
(39,462,802)	-	(39,462,802)	-
(27,022,535)	-	(27,022,535)	-
(4,122,909)	-	(4,122,909)	-
(1,159,555)	-	(1,159,555)	-
(4,830,002)	-	(4,830,002)	-
(36,564,131)	-	(36,564,131)	-
(8,011,179)	-	(8,011,179)	-
(114,548,005)	-	(114,548,005)	-
-	23,938,027	23,938,027	-
-	49,438	49,438	-
-	15,301	15,301	-
-	1,035,051	1,035,051	-
-	(1,174,509)	(1,174,509)	-
-	23,863,308	23,863,308	-
(114,548,005)	23,863,308	(90,684,697)	-
$ -	$ -	$ -	$ (9,037,357)
-	-	-	(13,098,643)
-	-	-	28,405
-	-	-	154,285
-	-	-	(21,953,310)
-	-	-	93,177
$ -	$ -	$ -	$ (21,860,133)
$ 128,658,123	$ -	$ 128,658,123	$ -
39,079,155	-	39,079,155	36,699,918
16,388,178	-	16,388,178	-
300,843	-	300,843	-
353,691	2,154,417	2,508,108	64,427
293,048	176,395	469,443	74,554
2,043,060	1,319,554	3,362,614	3,846
6,403,490	(6,403,490)	-	-
193,519,588	(2,753,124)	190,766,464	36,842,745
78,971,583	21,110,184	100,081,767	14,982,612
655,553,082	627,163,277	1,282,716,359	103,947,849
$ 734,524,665	$ 648,273,461	$ 1,382,798,126	$ 118,930,461

City of McKinney, Texas
Balance Sheet
Governmental Funds
September 30, 2021

	General	Debt Service	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	$ 47,554,091	$ 6,071,658	$ 213,145,614	$ 19,326,051	$ 286,097,414
Investments	64,475,614	-	10,163,768	-	74,639,382
Receivables (net of allowance for uncollectibles):					
Delinquent property taxes	878,510	388,471	-	-	1,266,981
Accounts	3,903,140	-	-	1,882,626	5,785,766
Notes	1,156,052	-	-	-	1,156,052
Other taxes and fees	9,583,796	-	-	239,693	9,823,489
Accrued interest	139,990	-	54,667	-	194,657
Due from other funds	543,825	-	-	-	543,825
Due from other governments	3,386,396	-	14,630	429,573	3,830,599
Inventory	222,215	-	-	-	222,215
Prepaid items	3,800,850	-	83,651	12,455	3,896,956
Total assets	$ 135,644,479	$ 6,460,129	$ 223,462,330	$ 21,890,398	$ 387,457,336
LIABILITIES					
Accounts payable	$ 2,845,144	$ 1,830	$ 8,622,011	$ 266,583	$ 11,735,568
Other accrued liabilities	6,250,605	-	5,066,386	102,425	11,419,416
Deposits	1,542,280	-	-	-	1,542,280
Due to other funds	-	-	-	133,295	133,295
Unearned revenue	12,314,035	-	37,558	2,268,817	14,620,410
Total liabilities	22,952,064	1,830	13,725,955	2,771,120	39,450,969
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	3,081,096	422,455	-	-	3,503,551
Total deferred inflows of resources	3,081,096	422,455	-	-	3,503,551
FUND BALANCES					
NONSPENDABLE:					
Inventory	222,215	-	-	-	222,215
Prepaid items	3,800,850	-	83,651	12,455	3,896,956
RESTRICTED:					
Debt service	-	6,035,844	-	-	6,035,844
Street construction	-	-	100,005,803	-	100,005,803
Capital projects	-	-	109,646,921	10,769,384	120,416,305
Law enforcement	27,079	-	-	544,838	571,917
Courts	563,451	-	-	-	563,451
Fire	-	-	-	43,228	43,228
PEG	-	-	-	2,381,953	2,381,953
Library	-	-	-	39,116	39,116
Community housing	-	-	-	26,700	26,700
Hotel/Motel	-	-	-	4,998,878	4,998,878
Transit	-	-	-	288,411	288,411
Grants	-	-	-	14,315	14,315
ASSIGNED:					
Capital equipment replacement	18,760,715	-	-	-	18,760,715
Disaster relief	486,750	-	-	-	486,750
OPEB	8,571,638	-	-	-	8,571,638
Public & performing arts	900,228	-	-	-	900,228
UNASSIGNED	76,278,393	-	-	-	76,278,393
Total fund balances	109,611,319	6,035,844	209,736,375	19,119,278	344,502,816
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 135,644,479	$ 6,460,129	$ 223,462,330	$ 21,890,398	$ 387,457,336

The notes to the financial statements are an integral part of this statement.

City of McKinney, Texas
Reconciliation of the Governmental Funds
Balance Sheet to the Statement of Net Position
September 30, 2021

Fund balances of governmental funds		$ 344,502,816
Amounts reported for governmental activities in the statement of net position are different because:		
Receivables not measureable and available within 60 days of year-end, and therefore are unavailable in the fund financial statements.		3,503,551
Capital assets (net of accumulated depreciation) used in governmental activities are not current financial resources and therefore are not reported as assets in the governmental funds. Capital assets are reported in the government-wide financial statements, net of accumulated depreciation.		766,644,170
Deferred outflows of resources and deferred inflows of resources represent flows of resources which relate to future periods and, therefore, are not reported in the fund financial statements. Deferred outflows of resources and deferred inflows of resources at year-end consist of:		
Deferred pension outflows	13,582,003	
Deferred OPEB outflows	4,310,465	
Deferred charge on refunding	1,978,589	
Deferred pension inflows	(7,536,465)	
Deferred OPEB inflows	(3,317,314)	9,017,278
Internal service funds are used by management to charge the cost of certain activities, including self-insurance, to appropriate functions in other funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.		16,504,072
Interest payable on long-term debt does not require current financial resources, therefore interest payable is not reported as a liability in the governmental funds balance sheet.		(1,458,492)
Long-term liabilities, including bonds payable and net pension liability are not due and payable in the current period and therefore are not reported in the fund financial statements. Long-term liabilities at year-end consist of:		
General and certificates of obligation bonds	(301,450,000)	
Bond premiums	(30,712,192)	
Net pension liability	(34,641,646)	
Total OPEB liability	(22,004,887)	
Compensated absences	(15,380,005)	(404,188,730)
NET POSITION OF GOVERNMENTAL ACTIVITIES		$ 734,524,665

The notes to the financial statements are an integral part of this statement.

City of McKinney, Texas

Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For The Year Ended September 30, 2021

	General	Debt Service	Capital Projects
REVENUES			
Property taxes	$ 87,328,511	$ 38,581,390	$ -
Sales and use taxes	34,487,236	-	-
Franchise fees	16,372,451	-	-
Other taxes and fees	-	-	-
Licenses and permits	11,139,206	-	-
Intergovernmental	7,960,788	-	6,388,797
Charges for services	14,611,174	-	1,535,639
Fines and forfeitures	1,131,869	-	-
Investment income	99,137	33,217	202,910
Contributions	541,466	-	15,007,753
Miscellaneous	1,695,341	-	346,672
Total revenues	175,367,179	38,614,607	23,481,771
EXPENDITURES			
Current:			
General government	35,509,732	-	2,228,490
Police	39,151,371	-	-
Fire	36,724,022	-	-
Libraries	3,599,007	-	223,104
Development	11,362,884	-	-
Parks and recreation	15,593,860	-	152,321
Public works	13,725,553	-	1,549,401
Debt Service:			
Principal retirement	-	28,365,000	-
Interest and fiscal charges	-	11,637,977	546,884
Capital Expenditures:			
General government	183,732	-	14,104,523
Police	1,161,185	-	-
Fire	2,714,750	-	12,189,130
Development	102,033	-	-
Parks and recreation	286,695	-	36,402,932
Public works	519,812	-	35,931,410
Total expenditures	160,634,636	40,002,977	103,328,195
Excess (deficiency) of revenues over (under) expenditures	14,732,543	(1,388,370)	(79,846,424)
OTHER FINANCING SOURCES (USES)			
Other financing source-issuance of long-term debt	-	-	54,940,000
Other financing source-issuance of refunding debt	-	14,257,385	-
Deposit to bond refunding escrow account	-	(14,286,145)	-
Premium on issuance of debt	-	191,966	3,556,885
Proceeds from sale of property	3,286,581	-	-
Transfers in	8,660,026	-	17,259,842
Transfers out	(12,539,218)	-	-
Total other financing sources (uses)	(592,611)	163,206	75,756,727
Net change in fund balances	14,139,932	(1,225,164)	(4,089,697)
Fund balances, beginning of year	95,471,387	7,261,008	213,826,072
FUND BALANCES, END OF YEAR	$ 109,611,319	$ 6,035,844	$ 209,736,375

The notes to the financial statements are an integral part of this statement.

Nonmajor Governmental Funds	Total Governmental Funds
$ 2,465,210	$ 128,375,111
4,591,919	39,079,155
-	16,372,451
300,843	300,843
-	11,139,206
9,936,231	24,285,816
-	16,146,813
56,207	1,188,076
18,427	353,691
35,662	15,584,881
1,048	2,043,061
17,405,547	254,869,104
9,030,100	46,768,322
311,807	39,463,178
551,586	37,275,608
13,589	3,835,700
1,391,598	12,754,482
109	15,746,290
-	15,274,954
-	28,365,000
-	12,184,861
330,233	14,618,488
69,106	1,230,291
62,498	14,966,378
-	102,033
-	36,689,627
-	36,451,222
11,760,626	315,726,434
5,644,921	(60,857,330)
-	54,940,000
-	14,257,385
-	(14,286,145)
-	3,748,851
-	3,286,581
279,376	26,199,244
(5,256,536)	(17,795,754)
(4,977,160)	70,350,162
667,761	9,492,832
18,451,517	335,009,984
$ 19,119,278	$ 344,502,816

City of McKinney, Texas

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities
For the Year Ended September 30, 2021

Net change in fund balances- total governmental funds.		$ 9,492,832
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount of capital outlay recorded as capital assets in the current period.		104,119,671
Governmental funds do not recognize contributed capital assets. However, in the statement of activities the fair market value of those assets are recognized as revenue, then allocated over their estimated useful lives and reported as depreciation expense.		43,636,101
Depreciation expense on capital assets is reported in the statement of activities but does not require the use of current financial resources. Therefore, depreciation expense is not reported as expenditures in the governmental funds.		(45,422,947)
Current year principal payments of long-term liabilities are shown as expenditures in the fund financial statements, but shown as reductions in long-term liabilities in the government-wide financial statements as follows:		
General and certificates of obligation bonds		28,365,000
The issuance of long-term debt, such as bonds and capital leases, are shown as "Other Sources" and "Other Uses" in the governmental funds, but are shown on the statement of net position as debt obligations with corresponding balances amortized over the life of the bonds. Issuance of long-term debt and recognition and amortization of these differences consist of the following:		
Issuance of long term-debt	(54,911,240)	
Recognition of premium on debt issuance	(3,748,851)	
Amortization of refunding loss	1,035,529	
Amortization of bond premium	3,144,220	(54,480,342)
Current year pension and OPEB expenditures are reported on the fiscal year basis on the governmental statement of revenues, expenditures and changes in fund balances and as actuarially determined in the government-wide statement of activities.		(199,257)
Current year change in long-term liability for compensated absences does not require the use of current financial resources; therefore, are not reported as expenditures in governmental funds.		(1,363,127)
Current year changes in accrued interest payable do not require the use of current financial resources; therefore, are not reported as expenditures in governmental funds.		(6,070)
Internal service funds are used by management to share the costs of certain activities including self-insurance to individual funds.		2,896,967
In the governmental fund financial statements, the proceeds from the sale of assets are shown as an increase in financial resources. In the government-wide financial statements, the gain or loss is calculated and reported.		(8,616,110)
Certain revenues in the government-wide statement of activities that do not provide current financial resources are not reported as revenue in the governmental funds. This is the net change in these revenues for the year.		548,865
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES		$ 78,971,583

The notes to the financial statements are an integral part of this statement.

City of McKinney, Texas

Statement of Revenues, Expenditures and Changes
in Fund Balances- Budget (GAAP Basis) and Actual-General Fund
For the Year Ended September 30, 2021

	Budgeted Amounts			
	Original	Final	Actual Amount	Variance with Final Budget - Positive (Negative)
REVENUES				
Property taxes	$ 88,026,487	$ 88,784,838	$ 87,328,511	$ (1,456,327)
Sales and use taxes	27,550,000	33,672,519	34,487,236	814,717
Franchise fees	16,367,013	16,066,266	16,372,451	306,185
Licenses and permits	11,026,845	10,197,245	11,139,206	941,961
Intergovernmental	1,398,247	7,938,401	7,960,788	22,387
Charges for services	11,396,317	12,098,291	14,611,174	2,512,883
Fines and forfeitures	1,532,000	1,154,800	1,131,869	(22,931)
Investment income	828,000	599,323	99,137	(500,186)
Contributions	575,447	561,447	541,466	(19,981)
Miscellaneous	505,629	727,253	1,695,341	968,088
Total revenues	159,205,985	171,800,383	175,367,179	3,566,796
EXPENDITURES				
General government	39,486,269	39,423,361	35,693,464	3,729,897
Police	42,098,849	41,198,911	40,312,556	886,355
Fire	37,454,901	36,469,586	39,438,772	(2,969,186)
Libraries	3,789,106	3,754,315	3,599,007	155,308
Development	12,468,715	12,538,433	11,464,917	1,073,516
Parks and recreation	16,877,246	16,960,702	15,880,555	1,080,147
Public works	15,185,933	15,329,137	14,245,365	1,083,772
Total expenditures	167,361,019	165,674,445	160,634,636	5,039,809
Excess (deficiency) of revenues over (under) expenditures	(8,155,034)	6,125,938	14,732,543	8,606,605
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of property	385,000	3,005,000	3,286,581	281,581
Transfers in	5,666,610	8,660,026	8,660,026	-
Transfers out	(1,630,000)	(12,539,218)	(12,539,218)	-
Total other financing sources (uses)	4,421,610	(874,192)	(592,611)	281,581
Net change in fund balances	(3,733,424)	5,251,746	14,139,932	8,888,186
Fund balances, beginning of year	95,471,387	95,471,387	95,471,387	-
Fund balances, end of year	$ 91,737,963	$ 100,723,133	$ 109,611,319	$ 8,888,186

The notes to the financial statements are an integral part of this statement.

City of McKinney, Texas
Statement of Net Position
Proprietary Funds
September 30, 2021

	Business-type Activities - Enterprise Funds				Governmental Activities
	Water and Wastewater	Airport	Nonmajor Enterprise Funds	Total	Internal Service Fund
ASSETS					
Current assets:					
Cash and cash equivalents	$ 477,238	$ 4,946,515	$ 15,167,111	$ 20,590,864	$ 17,169,241
Investments	44,400,900	-	3,035,040	47,435,940	-
Restricted assets:					-
Cash and cash equivalents	130,049,809	10,994,661	10,000	141,054,470	264,842
Receivables (net of allowance for uncollectibles)	14,327,921	162,779	2,205,112	16,695,812	521,571
Accrued interest receivable	63,865	-	2,750	66,615	-
Due from other funds	15,245	-	-	15,245	-
Notes receivable- interfund	-	-	4,482,051	4,482,051	-
Inventory	601,317	107,830	-	709,147	-
Prepaid items	-	1,487,334	-	1,487,334	-
Total current assets	189,936,295	17,699,119	24,902,064	232,537,478	17,955,654
Noncurrent assets:					
Restricted assets:					
Investments	14,018,537	-	-	14,018,537	-
Accrued interest receivable	6,017	-	-	6,017	-
Total restricted assets	14,024,554	-	-	14,024,554	-
Capital assets:					
Land	11,478,588	41,549,244	566,509	53,594,341	-
Buildings	11,972,381	41,428,102	1,653,284	55,053,767	-
Improvements other than buildings	535,406,947	65,992,095	2,912,297	604,311,339	-
Machinery and equipment	13,278,084	1,824,201	3,224,966	18,327,251	-
Construction in progress	60,049,714	10,706,055	-	70,755,769	-
Less accumulated depreciation	(146,126,006)	(44,131,154)	(4,951,388)	(195,208,548)	-
Total capital assets (net of accumulated depreciation)	486,059,708	117,368,543	3,405,668	606,833,919	-
Total noncurrent assets	500,084,262	117,368,543	3,405,668	620,858,473	-
TOTAL ASSETS	690,020,557	135,067,662	28,307,732	853,395,951	17,955,654
DEFERRED OUTFLOWS OF RESOURCES					
Deferred pension outflows	1,175,278	272,342	369,231	1,816,851	-
Deferred OPEB outflows	283,744	65,750	89,145	438,639	-
Deferred charge for refunding	438,372	-	-	438,372	-
Excess consideration provided for acquisition	-	3,963,440	-	3,963,440	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	1,897,394	4,301,532	458,376	6,657,302	-

(continued)

The notes to the financial statements are an integral part of this statement.

City of McKinney, Texas
Statement of Net Position
Proprietary Funds
September 30, 2021

	Business-type Activities - Enterprise Funds				Governmental Activities
	Water and Wastewater	Airport	Nonmajor Enterprise Funds	Total	Internal Service Fund
LIABILITIES					
Current liabilities:					
Accounts payable	$ 800,753	$ 244,891	$ 371,530	$ 1,417,174	$ 1,341,501
Other accrued liabilities	662,511	108,871	1,169,374	1,940,756	110,081
Due to other funds	365,494	-	60,281	425,775	-
Advances from other funds	-	-	-	-	-
Note payable- interfund	-	441,018	54,138	495,156	-
Compensated absences	71,432	13,540	24,488	109,460	-
Accrued interest payable	294,712	-	-	294,712	-
Total current liabilities unrestricted	2,194,902	808,320	1,679,811	4,683,033	1,451,582
Liabilities (payable from restricted assets):					
Accounts payable	757,648	513,181	-	1,270,829	-
Revenue bonds payable	11,891,317	-	-	11,891,317	-
Other accrued liabilities	2,508,548	144,498	-	2,653,046	-
Deposits	4,457,904	287,450	10,000	4,755,354	-
Total current liabilities (payable from restricted assets)	19,615,417	945,129	10,000	20,570,546	-
Total current liabilities	21,810,319	1,753,449	1,689,811	25,253,579	1,451,582
Noncurrent liabilities:					
Compensated absences	999,512	189,463	342,645	1,531,620	-
Note payable- interfund	-	3,517,487	469,408	3,986,895	-
Revenue bonds, certificates of obligation payable	172,417,053	-	-	172,417,053	-
Net pension liability	2,997,613	694,622	941,748	4,633,983	-
Total OPEB liability	1,660,642	384,812	521,717	2,567,171	-
Total noncurrent liabilities	178,074,820	4,786,384	2,275,518	185,136,722	-
TOTAL LIABILITIES	199,885,139	6,539,833	3,965,329	210,390,301	1,451,582
DEFERRED INFLOWS OF RESOURCES					
Deferred pension inflows	652,099	151,107	204,865	1,008,071	-
Deferred OPEB inflows	246,732	57,174	77,514	381,420	-
TOTAL DEFERRED INFLOWS OF RESOURCES	898,831	208,281	282,379	1,389,491	-
NET POSITION					
Net investment in capital assets	398,416,237	122,589,527	3,405,668	524,411,432	-
Restricted for:					
Use of impact fees	4,247,524	-	-	4,247,524	-
Debt service	9,301,316	-	-	9,301,316	-
Unrestricted	79,168,904	10,031,553	21,112,732	110,313,189	16,504,072
TOTAL NET POSITION	$ 491,133,981	$ 132,621,080	$ 24,518,400	$ 648,273,461	$ 16,504,072

The notes to the financial statements are an integral part of this statement.

City of McKinney, Texas

Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended September 30, 2021

	Business-type Activities - Enterprise Funds				Governmental Activities
	Water and Wastewater	Airport	Nonmajor Enterprise Funds	Total	Internal Service Fund
OPERATING REVENUES					
Charges for services	$ 104,813,321	$ 10,071,788	$ 13,582,057	$ 128,467,166	$ 28,070,996
Intergovernmental	-	141,162	-	141,162	-
Miscellaneous	1,187,886	8,454	117,634	1,313,974	638,777
Total operating revenues	106,001,207	10,221,404	13,699,691	129,922,302	28,709,773
OPERATING EXPENSES					
Personnel services	10,905,325	2,449,348	3,081,650	16,436,323	-
Materials, supplies and services	688,076	3,208,790	122,465	4,019,331	16,892,200
Maintenance	2,768,058	315,437	323,967	3,407,462	-
Purchase of water	57,964,644	-	-	57,964,644	-
Contract payments	6,057,185	450,445	8,500,317	15,007,947	2,409,911
Utilities	821,990	197,295	2,666	1,021,951	-
Depreciation and amortization	11,910,916	4,847,840	332,448	17,091,204	-
Other	2,905,413	825,217	118,754	3,849,384	4,528,805
Total operating expenses	94,021,607	12,294,372	12,482,267	118,798,246	23,830,916
Operating income (loss)	11,979,600	(2,072,968)	1,217,424	11,124,056	4,878,857
NON-OPERATING REVENUES (EXPENSES)					
Intergovernmental	-	973,420	-	973,420	-
Investment income	2,041,993	17,252	95,172	2,154,417	18,110
Interest and fiscal charges	(6,379,493)	(64,355)	-	(6,443,848)	-
Gain (loss) from disposal of assets	172,671	3,724	3,428	179,823	-
Total non-operating revenues (expenses)	(4,164,829)	930,041	98,600	(3,136,188)	18,110
Income (loss) before contributions and transfers	7,814,771	(1,142,927)	1,316,024	7,987,868	4,896,967
Contributions	19,525,806	-	-	19,525,806	-
Transfers in	-	-	83,222	83,222	-
Transfers out	(4,976,937)	-	(1,509,775)	(6,486,712)	(2,000,000)
Change in net position	22,363,640	(1,142,927)	(110,529)	21,110,184	2,896,967
Net position - beginning	468,770,341	133,764,007	24,628,929	627,163,277	13,607,105
TOTAL NET POSITION - ending	$ 491,133,981	$ 132,621,080	$ 24,518,400	$ 648,273,461	$ 16,504,072

The notes to the financial statements are an integral part of this statement.

City of McKinney, Texas
Statement of Cash Flows
Proprietary Funds
For the Year Ended September 30, 2021

	Business-type Activities - Enterprise Funds				Governmental Activities
	Water and Wastewater	Airport	Nonmajor Enterprise Funds	Total	Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from customers	$ 102,950,449	$ 10,048,944	$ 13,392,241	$ 126,391,634	$ 27,878,111
Other operating revenues	1,187,886	8,454	117,634	1,313,974	638,777
Cash payments to employees for services	(10,787,889)	(2,417,909)	(3,055,529)	(16,261,327)	-
Cash payments to suppliers for goods and services	(75,826,800)	(5,665,958)	(8,126,659)	(89,619,417)	(23,913,461)
Net cash provided by operating activities	17,523,646	1,973,531	2,327,687	21,824,864	4,603,427
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES					
Transfers from other funds	-	-	83,222	83,222	-
Cash received from other funds	-	-	413,852	413,852	-
Transfers to other funds	(4,976,937)	-	(1,509,775)	(6,486,712)	(2,000,000)
Net cash used in non-capital financing activities	(4,976,937)	-	(1,012,701)	(5,989,638)	(2,000,000)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Principal paid on bonds	(8,625,000)	-	-	(8,625,000)	-
Bond proceeds	33,872,017	-	-	33,872,017	-
Principal paid on interfund loans	-	(360,645)	(53,207)	(413,852)	-
Interest and fiscal charges on debt	(8,317,619)	(64,355)	-	(8,381,974)	-
Acquisition and construction of capital assets	(12,901,682)	(2,603,650)	(348,033)	(15,853,365)	-
Proceeds from sale of assets	151,280	-	3,428	154,708	-
Net cash provided by (used in) capital and related financing activities	4,178,996	(3,028,650)	(397,812)	752,534	-
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of investment securities	-	-	35,370	35,370	-
Proceeds from sale and maturities of securities	(51,283,193)	-	-	(51,283,193)	-
Investment earnings	2,041,993	17,252	95,172	2,154,417	18,110
Net cash provided by (used in) investing activities	(49,241,200)	17,252	130,542	(49,093,406)	18,110
Net increase (decrease) in cash	(32,515,495)	(1,037,867)	1,047,716	(32,505,646)	2,621,537
Cash and cash equivalents at beginning of year	163,042,542	16,979,043	14,129,395	194,150,980	14,812,546
Cash and cash equivalents at end of year	$ 130,527,047	$ 15,941,176	$ 15,177,111	$ 161,645,334	$ 17,434,083
RECONCILIATION OF TOTAL CASH TO THE STATEMENT OF NET POSITION					
Unrestricted cash and cash equivalents	$ 477,238	$ 4,946,515	$ 15,167,111	$ 20,590,864	$ 17,169,241
Restricted cash and cash equivalents	130,049,809	10,994,661	10,000	141,054,470	264,842
	$ 130,527,047	$ 15,941,176	$ 15,177,111	$ 161,645,334	$ 17,434,083
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:					
Operating income (loss)	$ 11,979,600	$ (2,072,968)	$ 1,217,424	$ 11,124,056	$ 4,878,857
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Depreciation and amortization	11,910,916	4,847,840	332,448	17,091,204	-
Change in assets and liabilities:					
(Increase) decrease in assets:					
Accounts receivable	(1,988,114)	(162,779)	(189,816)	(2,340,709)	(192,885)
Accrued interest receivable	(44,301)	36,824	-	(7,477)	
Due from other funds	655	-	-	655	-
Inventory	168,888	(38,051)	-	130,837	-
Prepaid expense	-	(1,246,062)	578,692	(667,370)	-
Increase (decrease) in liabilities:					
Accounts payable	(5,213,627)	350,949	179,443	(4,683,235)	(108,250)
Accrued liabilities	272,866	114,509	177,011	564,386	25,705
Due to other funds	49,061	-	6,364	55,425	-
Compensated absences	127,406	33,750	29,253	190,409	-
Deposits	270,266	111,830	-	382,096	-
Net pension liability and OPEB obligation	(9,970)	(2,311)	(3,132)	(15,413)	-
Total adjustments	5,544,046	4,046,499	1,110,263	10,700,808	(275,430)
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 17,523,646	$ 1,973,531	$ 2,327,687	$ 21,824,864	$ 4,603,427
NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES					
Contributions of capital assets	$ 19,525,806	$ -	$ -	$ 19,525,806	$ -
Non-cash grants	-	973,420	-	973,420	-

The notes to the financial statements are an integral part of this statement.

City of McKinney, Texas
Statement of Fiduciary Net Position
Custodial Fund
September 30, 2021

	Custodial Fund
	BB Owen Park
ASSETS	
Cash and cash equivalents	$ 306,230
TOTAL ASSETS	$ 306,230
NET POSITION	
Restricted for other purposes	$ 306,230
TOTAL NET POSITION	$ 306,230

The notes to the financial statements are an integral part of this statement.

City of McKinney, Texas

Statement of Changes in Fiduciary Net Position
Custodial Fund
For the Year Ended September 30, 2021

	Custodial Fund
	BB Owen Park
ADDITIONS	
Additions from interest income	$ 335
TOTAL ADDITIONS	335
DEDUCTIONS	
Distribution to developer	25,709
TOTAL DEDUCTIONS	25,709
Change in net position	(25,374)
NET POSITION	
Restricted for other purposes	
Net position, beginning	-
Cumulative effect of implementation of GASB 84	331,604
Net position, beginning, restated	331,604
Net position, ending	$ 306,230

The notes to the financial statements are an integral part of this statement.

City of McKinney, Texas
Statement of Net Position
Discretely Presented Component Units
September 30, 2021

	Governmental Activities				Business-Type Activities	
	McKinney Economic Dev. Corporation	McKinney Community Dev. Corporation	McKinney Convention & Visitors Bureau	McKinney Main Street Corporation	McKinney Housing Finance Corporation	Total
ASSETS						
Cash and cash equivalents	$ 6,415,018	$ 58,379,144	$ 186,707	390,251	$ 825,013	$ 66,196,133
Receivables (net of allowance for uncollectibles)	3,270,466	3,270,466	-	-	20,000	6,560,932
Prepaid items	10,763,271	6,296	3,800	-	-	10,773,367
Other assets	-	-	-	-	51	51
Restricted assets:						
Cash and cash equivalents	3,662,408	-	-	-	-	3,662,408
Capital assets:						
Non depreciable	66,893,335	7,078,014	-	-	3,146,775	77,118,124
Depreciable (net)	10,330	112,859	-	148,809	-	271,998
Total assets	91,014,828	68,846,779	190,507	539,060	3,991,839	164,583,013
DEFERRED OUTFLOWS OF RESOURCES						
Deferred pension outflows	148,051	37,957	57,723	-	-	243,731
Deferred OPEB outflows	35,743	9,164	13,936	-	-	58,843
Deferred charge for refunding	198,301	-	-	-	-	198,301
Total deferred outflows of resources	382,095	47,121	71,659	-	-	500,875
LIABILITIES						
Accounts payable	33,809	211,968	25,153	123,885	-	394,815
Other accrued liabilities	60,865	14,825	25,175	-	-	100,865
Unearned revenue	-	-	-	-	3,167,285	3,167,285
Accrued interest payable	23,544	82,910	-	-	-	106,454
Non-current liabilities:						
Due within one year:						
Compensated absences	7,818	3,670	3,958	-	-	15,446
Bonds payable	2,175,000	1,055,000	-	-	-	3,230,000
Due in more than one year:						
Compensated absences	109,392	51,346	55,386	-	-	216,124
Bonds payable	20,475,000	17,295,000	-	-	-	37,770,000
Net pension liability	377,613	96,810	147,227	-	-	621,650
Total OPEB liability	209,193	53,632	81,562	-	-	344,387
Total liabilities	23,472,234	18,865,161	338,461	123,885	3,167,285	45,967,026
DEFERRED INFLOWS OF RESOURCES						
Deferred pension inflows	82,146	21,060	32,027	-	-	135,233
Deferred OPEB inflows	31,082	7,968	12,118	-	-	51,168
Total deferred inflows of resources	113,228	29,028	44,145	-	-	186,401
NET POSITION						
Net investment in capital assets	44,464,518	7,190,873	-	148,809	3,146,775	54,950,975
Restricted for:						
Capital projects	-	-	-	-	-	-
Debt service	3,638,864	-	-	-	-	3,638,864
Unrestricted	19,708,079	42,808,838	(120,440)	266,366	(2,322,221)	60,340,622
TOTAL NET POSITION (DEFICIT)	$ 67,811,461	$ 49,999,711	$ (120,440)	$ 415,175	$ 824,554	$ 118,930,461

The notes to the financial statements are an integral part of this statement.

McKINNEY
TEXAS
Unique by nature.

City of McKinney, Texas

Statement of Revenues, Expenses, and Changes in Fund Net Position
Discretely Presented Component Units
For the Year Ended September 30, 2021

		Program Revenues		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
McKinney Economic Dev. Corporation	$ 9,037,357	$ -	$ -	$ -
McKinney Community Dev. Corporation	13,098,643	-	-	-
McKinney Convention & Visitors Bureau	849,595	-	878,000	-
McKinney Main Street Corporation	1,211,099	1,198,463	166,921	-
Total governmental activities	24,196,694	1,198,463	1,044,921	-
Business-type activities:				
McKinney Housing Finance Corporation	67,046	160,223	-	-
Total business-type activities				
TOTAL COMPONENT UNITS	$ 24,263,740	$ 1,358,686	$ 1,044,921	$ -

General revenues:
- Sales taxes
- Investment income
- Gain (loss) on the sale of assets
- Miscellaneous

Total general revenues

Change in net position

Net position - beginning

Net position - ending

The notes to the financial statements are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Position

Component Units					
McKinney Economic Dev. Corporation	McKinney Community Dev. Corporation	McKinney Convention & Visitors Bureau	McKinney Main Street Corporation	McKinney Housing Finance Corporation	Total
$ (9,037,357)	$ -	$ -	$ -	$ -	$ (9,037,357)
-	(13,098,643)	-	-	-	(13,098,643)
-	-	28,405	-	-	28,405
-	-	-	154,285	-	154,285
(9,037,357)	(13,098,643)	28,405	154,285	-	(21,953,310)
-	-	-	-	93,177	93,177
$ (9,037,357)	$ (13,098,643)	$ 28,405	$ 154,285	$ 93,177	$ (21,860,133)
$ 18,349,959	$ 18,349,959	$ -	$ -	$ -	$ 36,699,918
10,516	53,379	290	29	213	64,427
74,554	-	-	-	-	74,554
-	-	3,846	-	-	3,846
18,435,029	18,403,338	4,136	29	213	36,842,745
9,397,672	5,304,695	32,541	154,314	93,390	14,982,612
58,413,789	44,695,016	(152,981)	260,861	731,164	103,947,849
$ 67,811,461	$ 49,999,711	$ (120,440)	$ 415,175	$ 824,554	$ 118,930,461

McKINNEY
TEXAS
Unique by nature.

Note 1. Summary of Significant Accounting Policies

The City of McKinney (the City) was incorporated in 1848. The City operates under a Council-Manager form of government and provides the following services as authorized by its charter: public safety, public works, public health and welfare, culture, recreation and waterworks.

The City reports in accordance with accounting principles generally accepted in the United States of America (GAAP) as established by the Governmental Accounting Standards Board (GASB) and the Financial Accounting Standards Board (FASB). The accounting and reporting framework and the more significant accounting principles and practices are discussed in subsequent sections of this Note. The remainder of the notes are organized to provide concise explanation, including required disclosures of budgetary matters, assets, liabilities, fund equity, revenues, expenditures/expenses, and other information considered important to gaining a clear picture of the City's financial activities for the fiscal year ended September 30, 2021.

Financial Statement Presentation

The basic financial statements are prepared in conformity with GASB Statement No. 34 which requires the government-wide financial statements to be prepared using the accrual basis of accounting and the economic resources measurement focus. Government-wide financial statements do not provide information by fund, but distinguish between the City's governmental activities, business-type activities and activities of its discretely presented component units on the statement of net position and statement of activities. Significantly, the City's statement of net position includes both noncurrent assets and noncurrent liabilities of the City. In addition, the government-wide statement of activities reflects depreciation expenses on the City's capital assets, including infrastructure.

In addition to the government-wide financial statements, the City has prepared fund financial statements, which use the modified accrual basis of accounting and the current financial resources measurement focus for the governmental funds. The accrual basis of accounting is utilized by proprietary funds. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

The City also presents Management's Discussion and Analysis which includes an analytical overview of the City's financial activities. In addition, budgetary comparison statements are presented that compare the original adopted and final amended budgets with actual results for adopted funds.

Financial Reporting Entity

The City's basic financial statements include the accounts of all City operations. In evaluating how to define the government for financial reporting purposes, management has considered all entities for which the City is considered to be financially accountable. The City is governed by an elected mayor and six-member council. As required by GAAP, these financial statements present the City and its component units, entities for which the City is considered to be financially accountable. Blended component units, although legally separate entities, are in substance, part of the City's operations; therefore, data from these units are combined with data of the City. Discretely presented component units are legally separate entities that are not considered part of the City's operations; therefore, data from these component units are shown separately from the data of the City.

Blended Component Units

The McKinney Urban Transit District (MUTD) is a blended component unit presented as a nonmajor special revenue fund of the City. The governing body of the MUTD consists of the seven City of McKinney councilmembers and one representative from each of the district members including the Collin County Commissioners' Court, the City of Celina, the City of Lowry Crossing, the City of Melissa, the City of Princeton and the City of Prosper. The MUTD budget is subject to approval of the City of McKinney Council. The MUTD budget is financed primarily by state/federal grants and member contributions and has a September 30 year-end. The purpose of the MUTD is to provide transportation to residents of McKinney, Melissa, Princeton, Lowry Crossing, Celina and Prosper who are 65 years of age or older or are disabled. MUTD services almost exclusively benefit the primary government even though it does not provide services directly to the City.

Discretely Presented Component Units

The McKinney Economic Development Corporation (MEDC) is a discretely presented component unit in the basic financial statements. The governing body of the MEDC is appointed by the City Council and the MEDC's operating budget is subject to approval of the City Council. The City does not have a voting majority of the corporation. The purpose of the MEDC is to aid, promote and further the economic development within the City. The MEDC is financed with a voter-approved half-cent city sales tax. The MEDC has a September 30 year-end. Under a contract with the MEDC, the City performs financial services for the MEDC. There are no separately issued financial statements of the MEDC, which is reported as a governmental fund.

The McKinney Community Development Corporation (MCDC) is a discretely presented component unit in the basic financial statements. The MCDC is governed by a seven-member board appointed by the City Council and at least three board members cannot be City employees or Council members. The City does not have a voting majority of the corporation. The purpose of the MCDC is to identify and fund public projects to maintain or enhance the quality of life reflecting hometown values and priorities, visionary planning, balanced needs, and fiscal responsibility for current and future residents, visitors and businesses of our community. The MCDC is financed with a voter-approved half-cent city sales tax. The MCDC has a September 30 year-end. Under a contract with the MCDC, the City performs financial services for the MCDC. There are no separately issued financial statements of the MCDC, which is reported as a governmental fund.

The McKinney Main Street (MMS) is a discretely presented component unit in the basic financial statements. The governing body of MMS is appointed by the City Council and the MMS's budget is subject to approval of the City Council. MMS budget is financed primarily by events held in the Downtown McKinney area. MMS is a separate legal entity from the City and its sole purpose is to promote McKinney's vibrant downtown area. MMS has a September 30 year-end. MMS financial services are decentralized from the City. There are no separately issued financial statements of MMS.

The McKinney Convention & Visitors Bureau (MCVB) is a discretely presented component unit in the basic financial statements. The governing body of the MCVB is appointed by the City Council and the MCVB's budget is subject to approval of the City Council. The MCVB budget is financed primarily by hotel/motel occupancy taxes. The MCVB is a separate legal entity from the City and its sole purpose is to promote McKinney as the destination of choice. The MCVB has a September 30 year-end. Under a contract with the MCVB, the City performs financial services for the MCVB. There are no separately issued financial statements of the MCVB. All discretely presented component units were deemed to be major component units for presentation purposes.

The McKinney Housing Finance Corporation (MHFC) is a discretely presented component unit in the basic financial statements. The governing body of the MHFC is appointed by the City Council and the MHFC's budget is subject to approval of the City Council. The MHFC finances the cost of residential ownership and development on behalf of the City to provide decent, safe and sanitary housing for City residents at affordable prices. MHFC budget is financed primarily by developer fees and has a September 30 year-end.

Government-Wide and Fund Financial Statements

The basic financial statements include both government-wide (based on the City as a whole) and fund financial statements. The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely on fees and charges for support. Additionally, the primary government is reported separately from the legally separate component units for which the primary government is financially accountable.

The government-wide statement of activities demonstrates the degree to which the direct expenses of a functional category (Police, Fire, Public Works, etc.) or program are offset by program revenues. Direct expenses are those that are clearly identifiable with specific function or program. Program revenues include: a) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or program, b) grants and contributions that are restricted to meeting the operational requirements of a particular function or program, or c) grants and contributions that are restricted to meeting the capital requirements of a particular function or program. Taxes and other items not properly included among program revenues are reported instead as general revenues. Internally dedicated resources are also reported as general revenues rather than as program revenues.

Separate fund financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund's financial statements. The major governmental funds are the general fund, debt service fund, and capital projects fund. GASB Statement No. 34 sets forth minimum criteria (percentage of assets (including deferred outflows of resources), liabilities (including deferred inflows of resources), revenues or expenditures/expenses of either fund category for the governmental and enterprise combined) for the determination of major funds. The non-major funds are combined in a column in the fund financial statements. The non-major funds are detailed in the combining section of the statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to the general rule are franchise fees and other charges between the government's water and wastewater function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water and wastewater enterprise fund, airport fund, and other proprietary funds are charges to customers for sales and services. The water and wastewater fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and service, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting the definition are reported as nonoperating revenues and expenses.

Internal service funds are used to allocate associated costs of centralized services on a cost-reimbursement basis. The services provided to other City departments include providing risk financing and insurance-related activities.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. The government-wide and proprietary fund financial statements follow the accounting set forth by the Governmental Accounting Standards Board.

Governmental fund level financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. The governmental fund financial statements follow the accounting set forth by the Governmental Accounting Standards Board.

Property taxes, franchise fees, sales taxes, charges for services and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

Fund Accounting

The following major funds are used by the City:

1. Governmental Funds:

Governmental Funds are those through which most governmental functions of the City are financed. The acquisition, use and balances of the City's expendable financial resources and the related liabilities (except those accounted for in proprietary funds) are accounted for through governmental funds. The measurement focus is upon determination of changes in financial position, rather than upon net income determination. The following is a description of the major Governmental Funds of the City:

a. **The General Fund** is the operating fund of the City. This fund is used to account for all financial resources not accounted for in other funds. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, fixed charges and capital improvement costs that are not paid through other funds are paid from the General Fund.

b. **The Debt Service Fund** is used to account for the accumulation of financial resources for the payment of principal, interest and related costs on general long-term debt paid from taxes levied by the City.

c. **The Capital Projects Fund** consists of various types of financial resources and is utilized in the acquiring or constructing of capital infrastructure within the City. These include facilities, streets, stormwater drainage, libraries, public safety, parks, recreation and technology.

Other Governmental Funds is a summarization of all of the non-major governmental funds.

2. Proprietary Funds:

Proprietary Funds are accounted for using an economic resources measurement focus. The accounting objectives are a determination of net income, financial position, and changes in cash flows. All assets and liabilities associated with a proprietary fund's activities are included on its statement of net position.

The proprietary funds are financed and operated in a manner similar to private business enterprise. The costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis are financed or recovered primarily through user charges. Periodic determination of revenues earned, expenses incurred, or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

a. **The Water and Wastewater Fund** is used to account for the operations of the water and wastewater system.

b. **The Airport Fund** is used to account for the operations of the airport.

Other Proprietary Funds is a summarization of all of the non-major proprietary funds.

The Insurance and Risk Management Fund is an internal service funds is used to account for the financing of services provided by one department to other departments of the City on a cost reimbursement basis. The insurance claims self-funded program of the City is accounted for in this fund. Accrued liabilities include provisions for claims reported and claims incurred but not reported. The provision for reported claims is determined by estimating the amount which will ultimately be paid to each claimant. The provision for claims incurred but not yet reported is estimated based on City experience since the inception of the programs and data provided by actuarial consultants.

3. Custodial fund:

The City is the trustee, or fiduciary, for certain amounts held on behalf of developers, property owners, and others.

The City's fiduciary activities are reported in a Statement of Fiduciary Net Position. The activities of these funds are excluded from the City's other financial statements because the City cannot use these assets to finance its operations. The City is responsible for ensuring that the assets reported are used for their intended purpose. These assets were previously reported in an agency fund. This change resulted in reporting more detail of additions to and deductions from custodial funds than was reported for agency funds with the implementation of GASB Statement No. 84.

Cash, Cash Equivalents, and Investments

Cash of all funds, excluding the City's payroll clearing account, law enforcement bank account, EMS account, flexible spending account and certain escrow accounts, is pooled into a common interest earning bank account in order to maximize investment opportunities. Each fund whose monies are deposited in the pooled cash has equity therein, and interest earned on these monies is allocated based upon relative equity at each month end.

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

The City may invest in certificates of deposit, authorized investment pools and funds, U.S. Government Securities, commercial paper, and repurchase agreements. Investments are recorded at amortized cost, and at fiscal year-end investments with original maturity greater than one year are reflected at fair value on the accompanying government-wide and fund financial statements.

Realized gains and losses on investments that have been held during more than one fiscal year, and sold in the current, were included as a change in the fair value of the investments reported in the prior year and the current year. Management's intent is to hold all investments to maturity.

In accordance with GASB Statement No. 31, the City's general policy is to report short-term treasury securities, U.S. government backed securities which have a remaining term of one year or less at time of purchase, and money market mutual funds at amortized costs.

Inventories and Prepaid Items

Inventory is valued at cost (first-in, first-out). The cost of governmental fund type inventory is recorded as an expenditure when consumed rather than when purchased. Reported inventories are also classified as nonspendable fund balance, which indicates that they do not constitute "available, spendable resources" even though they are a component of fund balance. The City is not required to maintain a minimum level of inventory. Inventories in the Proprietary Funds consist of supplies and fuel and are recorded at the lower of cost or market.

Prepaid balances are for payments made by the City for which benefits extend beyond September 30, 2021, and the related nonspendable fund balance amount has been recognized to signify that a portion of fund balance is not available for other subsequent expenditures.

The cost of governmental fund type prepaid balances is recorded as an expenditure when consumed rather than when purchased.

Interfund Receivables and Payables

Short-term advances between funds are accounted for in the appropriate interfund receivable and payable accounts, and are reported as "due to/from other funds." Long-term advances between funds are reported as "advances to/from other funds" and represent the non-current portion of interfund loans.

Legally authorized transfers are treated as transfers and are included in the results of operations of both governmental and proprietary funds.

Restricted Assets

Certain proceeds of enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants. The Utility Capital Projects Fund is used to report those proceeds of revenue bond issuances that are restricted for use in construction. The Revenue Debt Service Fund is used to segregate resources accumulated for debt service payments over the next twelve months. The Revenue Bond Reserve Fund is used to report resources set aside to make up potential future deficiencies in the Revenue Debt Service Fund. The Revenue Bond Reserve Fund is required to reserve an amount not less than the average annual requirement for the payment of principal and interest on all the revenue bonds.

Also included in the restricted assets are capital recovery fees that are, by law, restricted to the projects these funds may be used to support. The Utility Development Impact Fee Fund is used to segregate these resources and to account for the use of these funds.

Customer deposits received for water and wastewater service are, by law, to be considered restricted assets. These activities are included in the Water and Wastewater Enterprise Fund.

The Utility Capital Projects Fund, Revenue Debt Service Fund, Revenue Bond Reserve Fund, and Utility Development Impact Fee Funds are included in the Water and Wastewater column on the proprietary funds statements.

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost. Donated capital assets are recorded at acquisition value.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Capital assets of the primary government, as well as the component units, are depreciated using the straight line method over the following estimated useful lives:

Assets	Years
Buildings/Structures	10 to 50
Land Improvements	20
Water and Sewer System	50
Machinery and Equipment	3 to 15
Motor Vehicles	3 to 10
Traffic Signals	10 to 15
Parks	20
Service Animals	7 to 10
Storm Sewer	50
Streets	20

Compensated Absences

Vacation is earned in varying amounts up to a maximum of 200 hours per year for employees and 300 hours for fire shift personnel with 20 years or more of service. Unused vacation may be carried forward from one year to the next and is limited to 300 hours for employees and 450 hours for fire shift personnel. Sick leave is accrued by employees at a rate of 11.37 hours per month and by fire shift personnel at a rate of 15.4 hours per month.

Compensation for accrued sick leave is paid upon separation up to a maximum of 160 hours for employees (excluding fire and sworn police personnel) with 5 consecutive years of service. Qualifying fire personnel are eligible for varying amounts of sick leave up to a maximum of 1080 hours after 20 years of service. Qualifying sworn police personnel are eligible for varying amounts of sick leave up to a maximum of 770 hours after 20 years of service.

All vacation and sick leave pay is accrued when earned in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Long-term Obligations

In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type statement of net position.

Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

Deferred charges for refunding are amortized using the effective interest method over the remaining life of the old debt or the life of the new debt, whichever is shorter, and is recorded as deferred outflows of resources.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Texas Municipal Retirement System (TMRS) and additions to/deductions from the City's fiduciary net position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. Information regarding the City's Total Pension Liability is obtained from TMRS through a report prepared for the City by TMRS consulting actuary, Gabriel Roeder Smith & Company, in compliance with Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*. Allocations of pension items to the City's enterprise funds and component units are determined on the basis of employee payroll funding.

Defined Benefit Other Postemployment Benefit Plans

The City has two single-employer defined benefit other postemployment benefit (OPEB) plans (Plans). For purposes of measuring the total OPEB liability of each OPEB plan, deferred outflows of resources and deferred inflows of resources related to each OPEB plan, and OPEB expense have been determined on the same basis as they are reported by the Plans. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms for the Plans.

Governmental Activities, Business-type Activities and Component Units of the City reported the following total OPEB liability, deferred outflows of resources, and deferred inflows of resources related to OPEBs as of September 30, 2021:

	Total OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources
Governmental Activities:			
Retiree Health Care Plan	$ 19,191,052	$3,279,065	$2,851,341
Supplemental Death Benefits Plan	2,813,835	1,031,400	465,973
	$ 22,004,887	$4,310,465	$3,317,314
Business-Type Activities:			
Retire Health Care Plan	$ 2,567,171	$ 438,639	$ 381,420
Component Units:			
Retire Health Care Plan	$ 344,387	$ 58,843	$ 51,168

For the year ended September 30, 2021, the City recognized aggregate OPEB expense of $2,614,584.

Allocations of OPEB items to the City's enterprise funds and component units are determined on the basis of full-time employee counts by department.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future reporting period(s) and so will not be recognized as an outflow of resources (expense/expenditure/reduction of net pension liability) until then. The City has the following items that qualify for reporting in this category.

- Deferred charges for refundings – A deferred charge for refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

- Excess consideration provided for acquisition – In November 2013, the City purchased the hangars, office building/terminal, miscellaneous furniture and fixture, and fixed base operations (FBO) from various related business entities at McKinney National Airport. This is the amount, net of amortization, which the City paid in excess of the fair value of the assets for the fixed base business operations. The deferred charges are being amortized over a period of 18 years.

- Pension contributions after measurement date – These contributions are deferred and reported as a reduction in net pension liability or increase in net pension asset in the year subsequent to their deferral.

- OPEB benefit and premium payments after measurement date – These benefit payments are deferred and reported as a reduction in total OPEB liability in the year subsequent to their deferral.

- Difference in projected and actual experience (pensions and OPEBs) – This difference is deferred and recognized over the estimated average remaining lives of all members determined as of the beginning of the measurement period.

- Changes of Assumptions (pensions and OPEBs) – This difference is deferred and recognized over the estimated average remaining lives of all members determined as of the beginning of the measurement period.

- Difference in projected and actual earnings on pension investments – This difference is deferred and amortized to pension expense over a closed five year period.

In addition to liabilities, the statement of financial position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future reporting period(s) and so will not be recognized as an inflow of resources (revenue or reduction in pension and OPEB expense) until that time. The City has three types of items that qualify for reporting in this category in the government-wide financial statements. The difference in expected and actual experience and changes of assumptions are deferred and recognized over the estimated average remaining lives of all members determined as of the beginning of the measurement period. In the fund financial statements, resources unavailable for revenue recognition are deferred and recognized as revenue when available.

Fund Equity

The City establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which the City is bound to observe the constraints imposed upon the use of the resources reported in governmental funds on accordance with GASB Statement No. 54. Fund balance classifications, under GASB 54 are Nonspendable, Restricted, Committed, Assigned and Unassigned.

Nonspendable fund balance represents fund balance that is (a) not in a spendable form such as prepaid items or (b) legally or contractually required to be maintained intact such as an endowment.

Restricted fund balance consists of amounts that can be spent only on the specific purposes stipulated by law or by the external providers of those resources as approved by the City Council or by their designated body or official.

Committed fund balances are self-imposed limitations set in place prior to the end of the fiscal period. These amounts can be used only for the specific purposes determined and approved by formal action of the City Council, which is the highest level of decision making authority for the City. The same level of formal action is required to remove the constraint.

Assigned fund balance consists of amounts that are subject to a purpose constraint that represents an intended use established by the City Council or the City Manager as defined in the Financial Policies.

Unassigned fund balance includes the residual fund balance for the General Fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of assigned fund balance amounts.

When multiple categories of fund balance are available for expenditure, the City will start with the most restricted category and spend those funds first before moving down to the next category with available funds.

The City will maintain a minimum fund balance reserve equal to three months of the total operating expenses of the General Fund. All fund balances are formally approved on an annual basis by the City Council.

GASB Pronouncements Implemented by the City

GASB Statement No. 84, *Fiduciary Activities.* This Statement was issued in January 2017 and provides guidance to enhance the consistency and comparability of fiduciary activity reporting by (1) establishing specific criteria for identifying activities that should be reported as fiduciary activities and (2) clarifying whether and how business-type activities should report their fiduciary activities. Beginning net position of the Custodial Fund was restated by $331,604.

GASB Statement No. 98, *The Annual Comprehensive Financial Report.* This Statement was issued in October 2021 and establishes the term annual comprehensive financial report and its acronym ACFR.

Note 2. Stewardship, Compliance, and Accountability

Budgetary Data

The City Charter establishes the fiscal year as the twelve-month period beginning October 1. Each department submits to the City Manager a budget of estimated expenditures for the ensuing fiscal year no later than August 1. The City Manager subsequently submits a budget of estimated expenditures and revenues to the City Council by August 15.

Upon receipt of the budget estimates, the Council holds a first reading on the Budget Ordinance and Tax Roll Ordinance. Information about the Budget Ordinance is then published in the official newspaper of the City. The Council is precluded from passing the Budget Ordinance (second reading) until ten days have passed after the Ordinance publication and after the first Monday in September.

Prior to October 1, the budget is legally enacted through passage of an ordinance. The legal level of budgetary control is at the fund level. The City Manager is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the City Council. Budgetary control has been established at the detail level by line item activity for management control.

Budgeted amounts are as originally adopted, or as legally amended. The City Council may amend the budget by passing a budget appropriation ordinance. During fiscal year 2021, the total amendments to the original adopted budgeted amounts resulted in a $1,686,574 decrease in budgeted General Fund expenditures.

Budgets for the General Fund, Debt Service Fund, Capital Projects Fund, and each nonmajor special revenue fund are legally adopted on a basis consistent with GAAP.

Departmental appropriations that have not been expended or encumbered by the departments at the end of the fiscal year will lapse. Therefore, funds that were budgeted and not used by the departments during the fiscal year are not available for their use unless appropriated in the ensuing fiscal year's budget.

Encumbrances represent commitments related to unperformed contracts for goods or services. The commitments (purchase orders, contracts and other commitments for the expenditure of funds) are not treated as expenditures until a liability for payment is incurred but are merely used to facilitate effective budget control and cash planning and management.

Note 3. Detailed Notes on All Funds

Cash and Investments

Cash and investments as of September 30, 2021, consist of and are classified in the accompanying financial statements as follows:

PRIMARY GOVERNMENT		
Statement of net position:		
Cash and cash equivalents	$	183,757,113
Investments		122,075,322
Restricted cash and cash equivalents		281,419,718
Restricted investments		14,018,537
Total cash and investments	$	601,270,690
Cash on hand	$	11,476
Deposits with financial institution, excluding certificates of deposit		68,606,952
Investments		532,652,262
Total cash and investments	$	601,270,690
COMPONENT UNITS		
Statement of net position:		
Cash and cash equivalents	$	66,196,133
Restricted cash and cash equivalents		3,662,408
Total cash and investments	$	69,858,541
Cash on hand	$	400
Deposits with financial institution, excluding certificates of deposit		1,605,507
Investments		68,252,634
Total cash and investments	$	69,858,541

The table below identifies the investment types that are authorized for the City by the *Public Funds Investment Act* (Government Code Chapter 2256), the "Act". The table also identifies certain provisions of the City's investment policy that address interest rate risk, credit risk, and concentration of credit risk.

The Act also requires the City to have independent auditors perform test procedures related to investment practices as provided by the Act. The City is in substantial compliance with the requirements of the Act and with local policies.

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. The City investment policy is designed to manage its exposure to interest rate risk by investing in investment pools which purchase a combination of shorter term investments with an average maturity of less than 60 days, thus reducing the interest rate risk. The City monitors the interest rate risk inherent in its portfolio by measuring the weighted average maturity of its portfolio. The City policy has a weighted average maturity limit of 730 days in aggregate.

As of September 30, 2021, the City had the following investments:

Investment Type	Amount	Weighted Average Maturity
PRIMARY GOVERNMENT		
TexPool	$ 54,313,853	34 days
TexPool Prime	28,033,959	53 days
LOGIC	119,102,460	54 days
Texas DAILY	52,116,222	43 days
Texas CLASS	142,991,909	53 days
Federal Agency Securities	136,093,859	
Total Fair Value	$ 532,652,262	$ -
COMPONENT UNITS		
TexPool Prime	42,332,968	53 days
LOGIC	10,003,824	54 days
Texas CLASS	15,915,842	53 days
Total Fair Value	$ 68,252,634	
Total Fair Value - Reporting Entity	$ 600,904,896	

* The table reflects the investment pool's weighted average maturity as it relates to the City's investment policy.

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the Act, the City's investment policy, or debt agreements, and the actual rating as of year-end for each investment type.

Investment Type	Amount	Minimum Legal Rating	Rating as of Year End
PRIMARY GOVERNMENT			
TexPool	$ 54,313,853	AAA/AAA-m	AAA-m
TexPool Prime	28,033,959	AAA/AAA-m	AAA-m
LOGIC	119,102,460	AAA/AAA-m	AAA-m
Texas DAILY	52,116,222	AAA/AAA-m	AAA-m
Texas CLASS	142,991,909	AAA/AAA-m	AAA-m
Federal Agency Securities	136,093,859	AAA	AAA
	$ 532,652,262		

Investment Type	Amount	Minimum Legal Rating	Rating as of Year End
COMPONENT UNITS			
TexPool Prime	$ 42,332,968	AAA/AAA-m	AAA-m
LOGIC	10,003,824	AAA/AAA-m	AAA-m
Texas CLASS	15,915,842	AAA/AAA-m	AAA-m
	$ 68,252,634		

Custodial Credit Risk

The Act and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The Act requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least the bank balance less the FDIC insurance at all times.

As of September 30, 2021, the City deposits with financial institutions in excess of federal depository insurance limits were fully collateralized.

The City is a voluntary participant in TexPool. The State Comptroller of Public Accounts exercises responsibility over TexPool. Oversight includes the ability to significantly influence operations, designation of management and accountability for fiscal matters.

Additionally, the State Comptroller has established an advisory board composed of both participants in TexPool and other persons who do not have a business relationship with TexPool. TexPool uses amortized cost rather than the market value to report net position to compute share prices. Accordingly, the fair value of the position in TexPool is the same as the net asset value of TexPool shares.

The City invested in the Texas Local Government Investment Cooperative (LOGIC) Liquid Asset Portfolio. LOGIC is a public funds investment pool managed by Southwest Securities Group, Inc. LOGIC uses amortized cost rather than market value to report net position to compute share prices. Accordingly, the fair value of the position in LOGIC is the same as the net asset value of LOGIC shares.

The City is invested in Texas Daily, a portfolio of the TexasTERM Local Government Investment Pool (Pool) which was created by Texas local governments to provide investment programs tailored to the needs of Texas cities, counties, school districts and other public investors. The Pool is directed by an Advisory Board of experienced local government finance directors and treasurers. The Advisory Board contracts for services with professional service providers who are industry leaders in their field.

The City is invested in Texas Cooperative Liquid Assets Securities System (Texas CLASS) Trust. Texas CLASS was created as an investment pool for its participants pursuant to Section 2256.016 of the Public Funds Investment Act, Texas Government Code, or other laws of the State of Texas governing the investment of funds of a participant or funds under its control. Texas CLASS is administered by Cutwater Investor Services Corp. with Wells Fargo Bank Texas, NA as the Custodian. Texas CLASS is supervised by a Board of Trustees who are elected by the participants.

Property Taxes

Property tax is levied each October 1 on the assessed value listed as of the prior January 1 for all real and personal property located in the City. Assessed value represents the appraisal value less applicable exemptions authorized by the City Council. The Appraisal Board of Review establishes appraised values at 100% for estimated market value. A tax lien attaches to the property on January 1 of each year, to secure the payment of all taxes, penalties, and interest ultimately imposed for the year on that property, whether or not the taxes are imposed in the year the lien attaches.

Taxes are due on October 1 immediately following the levy date and are delinquent after the following January 31st. Current tax collections for the year ended September 30, 2021, were 99.68% of the adjusted tax levy.

Allocations of property tax levy by purpose for 2021 and the preceding year are as follows (amounts per $100 assessed value):

	2021	2020
General Fund	$ 0.354711	$ 0.355393
Debt Service	0.153934	0.160207
	$ 0.508645	$ 0.515600

Property taxes are recorded as receivables and deferred revenues at the time the tax levy is billed. Revenues are recognized as the related ad valorem taxes are collected. Additional delinquent property taxes estimated to be collectible within sixty days following the close of the fiscal year have been recognized as revenue at the fund level.

In Texas, county-wide central appraisal districts are required under the Property Tax Code to assess all property within the appraisal district on the basis of 100% of its market value and are prohibited from applying any assessment ratios.

The value of property within the appraisal district must be reviewed every five years; however, the City may, at its own expense, require annual reviews of appraised values. The City may challenge appraised values established by the appraisal district through various appeals, and, if necessary, take legal action. Under this legislation, the City continues to set tax rates on City property. However, if the effective tax rate, including tax rates for bonds and other contractual obligations adjusted for new improvements, exceeds the rate for the previous year by more than 8%, qualified voters of the City may petition for an election to determine whether to limit the tax rate to no more than 8% above the tax rate of the previous year.

The statutes of the State of Texas do not prescribe a legal debt limit. However, Article XI, Section 5 of the Texas Constitution applicable to cities of more than 5,000 population limits the ad valorem tax rate to $2.50 per $100 assessed valuation. The City operates under a Home Rule Charter which also imposes a limit of $2.50 but does not prescribe a legal debt limit. The 2021 ad valorem tax rate of $0.508645 is in compliance with the rate limitation.

Receivables

Receivables as of year-end for the government's individual major funds and non-major funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	Governmental Funds				
	General	Debt Service	Capital Projects	Non-Major Governmental Funds	Total
Interest	$ 139,990	$ -	$ 54,667	$ -	$ 194,657
Taxes	10,462,306	388,471	-	239,693	11,090,470
Accounts	4,597,553	-	-	1,882,626	6,480,179
Notes	1,156,052	-	-	-	1,156,052
Due from other governments	3,386,396	-	14,630	429,573	3,830,599
Gross receivables	19,742,297	388,471	69,297	2,551,892	22,751,957
Less: allowance	(694,413)	-	-	-	(694,413)
Net total receivables and due from other governments	$ 19,047,884	$ 388,471	$ 69,297	$ 2,551,892	$ 22,057,544

	Business-type Activities			
	Water Wastewater	Airport	Other Enterprise Funds	Total
Customer accounts	$ 14,542,513	$ 162,779	$ 2,211,472	$ 16,916,764
Less: allowance	(214,592)	-	(6,360)	(220,952)
Net total receivables	$ 14,327,921	$ 162,779	$ 2,205,112	$ 16,695,812
Accrued interest receivable	$ 69,882	$ -	$ 2,750	$ 72,632

The business-type activities accounts receivable includes unbilled charges for services rendered at September 30, 2021. The Water and Wastewater Fund also reported restricted interest receivables at yearend of $6,017.

At September 30, 2021, accounts and notes receivable on the Statement of Net Position represent amounts owed to the MEDC for loans made to private businesses in the community. If certain contractual obligations are met by some of these private enterprises at a future date, a portion of the amounts owed may be forgiven. Due to the likelihood that the provisions would be met by the corporations the City has elected to expense the advance at the time of transfer. At September 30, 2021, accounts receivable includes $3,270,466 representing sales tax owed to MEDC. Receivables as of year-end for MEDC were collected after year end; therefore, no allowances for uncollectible accounts have been recorded for September 30, 2021.

At September 30, 2021, accounts receivable include $3,270,466 representing sales tax owed to MCDC. Receivables as of year-end for MCDC were collected after year end; therefore, no allowances for uncollectible accounts have been recorded for September 30, 2021.

At September 30, 2021, MHFC accounts receivable include $20,000 for services provided. Receivables as of year-end for MHFC were collected after year-end; therefore, no allowances for uncollectible accounts have been recorded for September 30, 2021.

Capital Assets

Capital asset activity for the year ended September 30, 2021, was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental activities:					
Capital assets not being depreciated:					
Land	$ 46,942,594	$ 296,051	$ (2,867,122)	$ 30,998,637	$ 75,370,160
Works of art	93,600	-	-	-	93,600
Construction in progress	122,613,803	101,448,936	(6,971,888)	(75,210,969)	141,879,882
Total capital assets, not being depreciated	169,649,997	101,744,987	(9,839,010)	(44,212,332)	217,343,642
Capital assets being depreciated:					
Buildings	170,834,288	268,099	-	8,370,457	179,472,844
Infrastructure	839,004,380	43,533,299	(193,250)	34,297,242	916,641,671
Machinery & equipment	72,517,172	3,738,947	(3,421,788)	1,544,633	74,378,964
Service animals	33,500	13,000	-	-	46,500
Total capital assets being depreciated	1,082,389,340	47,553,345	(3,615,038)	44,212,332	1,170,539,979
Less accumulated depreciation for:					
Buildings	(51,477,879)	(4,516,060)	-	-	(55,993,939)
Infrastructure	(482,109,660)	(35,130,701)	-	-	(517,240,361)
Machinery and equipment	(45,511,778)	(5,771,264)	3,295,378	-	(47,987,664)
Service animals	(12,565)	(4,922)	-	-	(17,487)
Total accumulated depreciation	(579,111,882)	(45,422,947)	3,295,378	-	(621,239,451)
Total capital assets being depreciated, net	503,277,458	2,130,398	(319,660)	44,212,332	549,300,528
Governmental activities, capital assets, net	$ 672,927,455	$ 103,875,385	$ (10,158,670)	$ -	$ 766,644,170

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Business-type activities:					
Capital assets not being depreciated:					
Land	$ 53,670,773	$ -	$ (76,432)	$ -	$ 53,594,341
Construction in progress	70,113,403	18,433,643	(874,835)	(16,916,442)	70,755,769
Total capital assets, not being depreciated	123,784,176	18,433,643	(951,267)	(16,916,442)	124,350,110
Capital assets being depreciated:					
Buildings	55,053,767	-	-	-	55,053,767
Infrastructure	569,714,361	17,680,536	-	16,916,442	604,311,339
Machinery & equipment	17,822,285	1,042,125	(537,159)	-	18,327,251
Total capital assets being depreciated	642,590,413	18,722,661	(537,159)	16,916,442	677,692,357
Less accumulated depreciation for:					
Buildings	(15,625,736)	(1,949,524)	-	-	(17,575,260)
Infrastructure	(153,615,357)	(13,179,997)	-	-	(166,795,354)
Machinery and equipment	(9,806,478)	(1,568,615)	537,159	-	(10,837,934)
Total accumulated depreciation	(179,047,571)	(16,698,136)	537,159	-	(195,208,548)
Total capital assets being depreciated, net	463,542,842	2,024,525	-	16,916,442	482,483,809
Business-type activities, capital assets, net	$ 587,327,018	$ 20,458,168	$ (951,267)	$ -	$ 606,833,919

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities:	
General government	$ 2,478,268
Police	1,713,915
Fire	2,564,345
Libraries	403,867
Development	267,544
Parks and recreation	5,083,322
Public works	32,911,686
Total depreciation expense - governmental activities	$ 45,422,947
Business-type activities:	
Water and Wastewater	$ 11,910,916
Airport	4,454,772
Solid Waste	61,070
Surface Water Drainage	214,137
Golf Course	57,241
Total depreciation expense - business-type activities	16,698,136
Airport	
Amortization of excess cost of consideration	393,068
Total depreciation and amortization - business-type activities	$ 17,091,204

Capital asset activity for discretely presented component units for the year ended September 30, 2021, was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
MEDC:					
Capital assets, not being depreciated:					
Land	$ 66,905,887	$ -	$ (12,552)	$ -	$ 66,893,335
Total capital assets, not being depreciated	66,905,887	-	(12,552)	-	66,893,335
Capital assets, being depreciated:					
Improvements other than buildings	257,783	-	-	-	257,783
Machinery and equipment	61,087	-	-	-	61,087
Total capital assets being depreciated	318,870	-	-	-	318,870
Less accumulated depreciation for:					
Improvements other than buildings	(257,783)	-	-	-	(257,783)
Machinery and equipment	(40,745)	(10,012)	-	-	(50,757)
Total accumulated depreciation	(298,528)	(10,012)	-	-	(308,540)
Total capital assets, being depreciated, net	20,342	(10,012)	-	-	10,330
Capital Assets, Net	$ 66,926,229	$ (10,012)	$ (12,552)	$ -	$ 66,903,665

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
MCDC:					
Capital Assets, not being depreciated:					
Land	$ 630,952	$ 5,649,037	$ -	$ -	$ 6,279,989
Construction in progress	-	798,025	-	-	798,025
Total capital assets, not being depreciated	630,952	6,447,062	-	-	7,078,014
Capital assets, being depreciated:					
Infrastructure	206,765	-	-	-	206,765
Total capital assets, being depreciated	206,765	-	-	-	206,765
Less accumulated depreciation for:					
Infrastructure	(83,568)	(10,338)	-	-	(93,906)
Total accumulated depreciation	(83,568)	(10,338)	-	-	(93,906)
Total capital assets, being depreciated, net	123,197	(10,338)	-	-	112,859
Capital Assets, Net	$ 754,149	$ 6,436,724	$ -	$ -	$ 7,190,873

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
MMS:					
Capital assets being depreciated:					
Infrastructure	$ 123,203	$ 3,980	$ -	$ -	$ 127,183
Machinery & equipment	74,901	-	-	-	74,901
Total capital assets being depreciated	198,104	3,980	-	-	202,084
Less accumulated depreciation for:					
Infrastructure	(2,053)	(6,360)	-	-	(8,413)
Machinery and equipment	(33,524)	(11,338)	-	-	(44,862)
Total accumulated depreciation	(35,577)	(17,698)	-	-	(53,275)
Total capital assets being depreciated, net	162,527	(13,718)	-	-	148,809
Capital Assets, Net	$ 162,527	$ (13,718)	$ -	$ -	$ 148,809

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
MHFC:					
Capital assets not being depreciated:					
Land	$ 3,146,775	$ -	$ -	$ -	$ 3,146,775
Total capital assets, not being depreciated	3,146,775	-	-	-	3,146,775
Capital Assets	$ 3,146,775	$ -	$ -	$ -	$ 3,146,775

Capital Improvement Program Commitments

The City has active construction projects as of September 30, 2021. The projects include Governmental type activities such as: streets, parks, fire, police, facilities, library, and stormwater construction. The commitment for Governmental Activities is being financed by General Obligation Bonds, Certificates of Obligation Bonds, impact fees, developer contributions, and grants. The Water/Wastewater and Airport commitments are being financed by revenue bonds, Certificates of Obligation Bonds, impact fees, developer contributions, and grants. The remaining commitment was for expenditures not yet incurred.

Commitments for construction in progress are composed of the following:

	Project Budget Appropriation	Spent-to-date	Remaining Commitment
Governmental	$ 459,151,035	$ 251,810,222	$ 207,340,813
Water and Wastewater	201,537,357	108,842,620	92,694,737
Airport	34,731,533	10,948,734	23,782,799
Total	$ 695,419,925	$ 371,601,576	$ 323,818,349

Interfund Receivables, Payables and Transfers

A summary of interfund receivables and payables balances at September 30, 2021, is as follows:

Receivable Fund	Payable Fund	Amount	Primary Purpose
General Fund	Water/Wastewater Fund	$ 365,494	Franchise fee accrual
General Fund	Solid Waste Fund	45,036	License fee accrual
General Fund	Non-Major Governmental Funds	133,295	To cover cash shortage
Water/Wastewater Fund	Solid Waste Fund	15,245	Sanitation billing accrual
	Total	$ 559,070	

Transfers between funds during the year were as follows:

	Transfers In				
Transfer Out	General fund	Capital projects	Non-Major governmental funds	Non-Major enterprise funds	Total
Internal service	$ 2,000,000	$ -	$ -	$ -	$ 2,000,000
Non-Major enterprise funds	1,509,775	-	-	-	1,509,775
General fund	-	12,259,842	279,376	-	12,539,218
Non-Major governmental funds	756,536	4,500,000	-	-	5,256,536
Water and wastewater	4,393,715	500,000	-	83,222	4,976,937
	$ 8,660,026	$ 17,259,842	$ 279,376	$ 83,222	$ 26,282,466

Transfers are used to:

- Move revenues from the fund with collection authorization to the debt service fund as debt service principal and interest payments become due.
- Move restricted amounts from borrowing to the debt service fund to establish mandatory reserve accounts.
- Move unrestricted general fund revenues to finance various programs that the City must account for in other funds in accordance with budgetary authorizations, including amounts provided as subsidies or matching funds for various grants programs.
- Support monthly general and administrative fees which are expected to be paid from governmental activities.

The City's more significant transfers are listed below:

- Transfers of $2,895,715 and $1,498,000 were made from the water and wastewater fund to the general fund in order to supplement the general fund for monthly general and administrative fees as well as fund the capital equipment replacement fund, held within the general fund.
- Transfers of $6,171,000 were made from the general fund, $4,500,000 from the nonmajor governmental funds, and $500,000 from the water and wastewater fund to the capital projects fund for CIP projects.
- Transfer of $6,088,842 was made from the general fund to the capital projects fund for the public safety improvement fund.

Note Receivable

In January 2010, City Council approved a loan from the solid waste fund to the golf course fund. The loan was issued in the amount of $800,000. In March 2011, City Council approved an increase to the existing loan of $261,000. The balance of the note as of September 30, 2021, is $523,546. Under the loan agreement, the golf course fund will make interest payments annually at a rate of 1.75% through 2030.

In March 2017, City Council approved a loan from the solid waste fund to the airport fund. The loan was issued in the amount of $5,000,000. Under the loan agreement, the airport will make interest payments annually at a rate of 1.49% through 2028. As of September 30, 2021, the outstanding balance was $3,958,505.

Unavailable/Unearned Revenue

Governmental funds report unavailable revenue in connection with receivables for revenue that is not considered to be available to liquidate liabilities of the current period. Governmental funds report unearned revenue in connection with resources that have been received, but not yet earned. Tax, court, EMS and franchise fees which are reported as unavailable revenue in the governmental funds are recorded as revenue in the government-wide financial statements. Grant and miscellaneous revenues are reported as unearned in both the governmental fund and government-wide financial statements.

At the end of the current fiscal year, the various components of unavailable and unearned revenue reported in the governmental funds were as follows:

	General Fund	Debt Service Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Unavailable Revenue	Total Unearned Revenue
Tax revenue	$ 953,759	$ 422,455	$ -	$ -	$ 1,376,214	$ -
Court revenue	110,479	-	-	-	110,479	-
EMS revenue	955,868	-	-	-	955,868	-
Franchise fees	1,060,990	-	-	-	1,060,990	-
Miscellaneous	756,154	-	37,558	-	-	793,712
Grants	11,557,881	-	-	2,268,817	-	13,826,698
	$15,395,131	$ 422,455	$ 37,558	$ 2,268,817	$ 3,503,551	$14,620,410

Long-Term Debt

A summary of long-term debt transactions, including current portion, for the year ended September 30, 2021, is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable:					
General obligation bonds	$ 241,315,000	$ 69,165,000	$ (26,305,000)	$ 284,175,000	$ 26,865,000
Certificates of obligation	32,330,000	-	(15,055,000)	17,275,000	2,105,000
	273,645,000	69,165,000	(41,360,000)	301,450,000	28,970,000
Issuance premium	31,366,324	3,748,851	(4,402,983)	30,712,192	4,054,459
Total bonds payable	305,011,324	72,913,851	(45,762,983)	332,162,192	33,024,459
Net pension liability	34,309,276	332,370	-	34,641,646	-
Total OPEB liability	21,224,703	780,184	-	22,004,887	-
Compensated absences	14,016,877	2,349,679	(986,551)	15,380,005	1,025,847
Governmental activities - long-term debt	$ 374,562,180	$ 76,376,084	$ (46,749,534)	$ 404,188,730	$ 34,050,306
Business-type activities:					
Bonds payable:					
Water and Wastewater revenue bonds	$ 143,500,000	$ 28,795,000	$ (8,625,000)	$ 163,670,000	$ 9,625,000
Issuance premium	17,652,389	5,077,017	(2,091,036)	20,638,370	2,266,317
Total bonds payable	161,152,389	33,872,017	(10,716,036)	184,308,370	11,891,317
Net pension liability	4,589,521	44,462	-	4,633,983	-
Total OPEB liability	2,540,803	26,368	-	2,567,171	-
Compensated absences	1,450,671	264,644	(74,235)	1,641,080	109,460
Business-type activities - long-term debt	$ 169,733,384	$ 34,207,491	$ (10,790,271)	$ 193,150,604	$ 12,000,777

A summary for long-term debt transactions, including current portion, for the discretely presented component units for the year ended September 30, 2021 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
MEDC:					
Bonds payable					
Sales tax revenue bonds	$ 23,730,000	$ 22,650,000	$ (23,730,000)	$ 22,650,000	$ 2,175,000
Net pension liability	373,990	3,623	-	377,613	-
Total OPEB liability	207,044	2,149	-	209,193	-
Compensated absences	98,016	21,217	(2,023)	117,210	7,818
Component unit activities					
Long-term debt	$ 24,409,050	$ 22,676,989	$ (23,732,023)	$ 23,354,016	$ 2,182,818
MCDC:					
Bonds payable					
Sales tax revenue bonds	$ 19,380,000	$ -	$ (1,030,000)	$ 18,350,000	$ 1,055,000
Net pension liability	95,881	929	-	96,810	-
Total OPEB liability	53,081	551	-	53,632	-
Compensated absences	46,908	8,108	-	55,016	3,670
Component unit activities					
Long-term debt	$ 19,575,870	$ 9,588	$ (1,030,000)	$ 18,555,458	$ 1,058,670
MCVB:					
Net pension liability	$ 145,815	$ 1,412	$ -	$ 147,227	$ -
Total OPEB liability	80,724	838	-	81,562	-
Compensated absences	68,857	-	(9,513)	59,344	3,958
Component unit activities					
Long-term debt	$ 295,396	$ 2,250	$ (9,513)	$ 288,133	$ 3,958

Compensated Absences

Compensated absences represent the estimated liability for employees' accrued holiday, portion of sick leave, compensatory time and vacation leave for which employees are entitled to be paid upon termination. The retirement of this liability is typically paid from the General Fund and Enterprise Funds based on the assignment of an employee at termination.

General Obligation Bonds and Certificates of Obligation

The General Obligation Bonds include $301,450,000 of Bonds and Certificates of Obligation with interest rates ranging from 1.00% to 5.00% maturing annually in varying amounts through 2041. Interest for these obligations is payable semi-annually. They are backed by the full faith and credit of the City and are payable from property taxes. The Certificates are additionally secured, by a limited pledge of certain net revenues of the City as specified in their official statements.

In June 2021, the City issued $16,850,000 General Obligation Bonds, Series 2021A. The debt was issued for various public improvements. The bonds were issued with a premium of $3,261,313 with interest rates ranging from 2.00% to 5.00% and mature through 2041.

In June 2021, the City issued $14,225,000 General Obligation Refunding Bonds, Taxable Series 2021B. The debt was issued to refund remaining amounts of two prior issuances including the Tax and Limited Pledge Hotel Occupancy Tax Revenue Certificates of Obligation, Taxable Series 2013 of $4,340,000 and the Tax and Limited Pledge Airport Revenue Certificates of Obligation, Taxable Series 2013 of $8,655,000. The bonds were issued with a premium of $191,966 with interest rates ranging from 1.10% to 2.00% and matures through 2035. This Series 2021B refunding resulted in a decrease in the City's debt service payments of $2,004,484, which resulted in an economic gain (difference between the present value of the debt service payments of the old debt and new debt) of $1,795,348.

In June 2021, the City issued $38,090,000 General Obligation Bonds, Taxable Series 2021C. The debt was issued to make various improvements to park and recreation facilities. The bonds were issued with a premium of $295,572 with interest rates ranging from 1.00% to 2.50% and mature through 2041.

Debt service requirements of the general obligation bonds and certificates of obligation bonds for the years subsequent to September 30, 2021, are as follows:

	General Obligation Bonds			Certificates of Obligation			
Fiscal Year	Principal Requirements	Interest Requirements	Total Requirements	Principal Requirements	Interest Requirements	Total Requirements	Total GO and CO Requirements
2022	$ 26,865,000	$ 11,172,893	$ 38,037,893	$ 2,105,000	$ 495,027	$ 2,600,027	$ 40,637,920
2023	22,615,000	9,987,831	32,602,831	1,905,000	425,332	2,330,332	34,933,163
2024	22,825,000	8,963,106	31,788,106	1,405,000	358,450	1,763,450	33,551,556
2025	18,630,000	7,913,056	26,543,056	1,320,000	308,725	1,628,725	28,171,781
2026	14,825,000	7,073,996	21,898,996	1,360,000	268,835	1,628,835	23,527,831
2027-2031	77,775,000	25,305,212	103,080,212	4,515,000	790,353	5,305,353	108,385,565
2032-2036	65,620,000	10,868,838	76,488,838	2,830,000	373,875	3,203,875	79,692,713
2037-2041	35,020,000	2,079,615	37,099,615	1,835,000	92,600	1,927,600	39,027,215
	$284,175,000	$ 83,364,547	$ 367,539,547	$ 17,275,000	$ 3,113,197	$ 20,388,197	$ 387,927,744

Proceeds of General Obligation Bonds are recorded in the Capital Projects Fund and are restricted to the use for which they were approved in the bond elections. The City Charter expressly prohibits the use of bond proceeds to fund operating expenditures. The City Charter does not prescribe a debt limit.

Revenue Bonds

The revenue bonds are serial obligations with interest rates ranging from 2.00% to 5.00%, maturing annually in varying amounts through years 2041 and interest is payable semi-annually. Revenue bonds are used to finance the acquisition and construction of major capital improvements for the water and sewer system and related facilities. These revenue bonds constitute special obligations of the City solely secured by a lien on and pledge of the net revenues of the water and sewer system.

The revenue bonds are collateralized by the revenue of the Water and Wastewater Fund and the Debt Service Reserve Fund established by the bond ordinances. The ordinances provide that the gross revenues are to be used first to pay operating and maintenance expenses of the system, and second to maintain revenue bond funds in accordance with bond covenants. Remaining revenues may then be used for any lawful purpose. The ordinances also contain provisions which, among other items, restrict the issuance of additional revenue bonds unless the special funds noted above contain the required amounts and certain financial ratios are met. Annual principal and interest requirements on revenue bonds was less than 40 percent of net revenues. The City is in compliance with the revenue bond debt covenants as of September 30, 2021.

In June 2021, the City issued $28,795,000 of Waterworks and Sewer System Revenue Bonds, Series 2021. The debt was issued for various water and sewer system improvements. The bonds were issued with a premium of $5,077,017 with interest rates ranging from 2.00% to 5.00% and matures through 2041.

Debt service requirements of the water and wastewater revenue bonds for the years subsequent to September 30, 2021, are as follows:

Fiscal Year	Revenue Bonds Principal Requirements	Interest Requirements	Total Requirements
2022	$ 9,625,000	$ 6,866,429	$ 16,491,429
2023	10,140,000	6,224,363	16,364,363
2024	10,435,000	5,800,406	16,235,406
2025	10,635,000	5,319,319	15,954,319
2026	9,275,000	4,846,219	14,121,219
2027-2031	41,195,000	18,198,619	59,393,619
2032-2036	46,160,000	8,403,903	54,563,903
2037-2041	26,205,000	1,162,200	27,367,200
	$ 163,670,000	$ 56,821,458	$ 220,491,458

Sales Tax Revenue Bonds

The sales tax revenue bonds are serial obligations with interest rates ranging from 0.34% to 4.12%, maturing annually in varying amounts through years 2035 and interest is payable semi-annually. These bonds are special obligations of the corporations payable from and secured by a lien on and pledge of the proceeds of the ¼ of the ½ cent sales and use tax levied within the City for the benefit of the respective component unit corporation.

The sales tax revenue bonds are used to defray the cost of any "project" defined as such by the Development Corporation Act of 1979, as amended. MEDC bonds were issued for approved projects of runway improvements at the City's airport and land acquisition. MCDC bonds were issued to construct and equip a community aquatics and fitness center to be donated to the City. These bonds are collateralized by the gross sales tax revenues of the corporations and the various special funds established by the bond ordinances. The ordinances also contain provisions which, among other items, restrict the issuance of additional revenue bonds unless the special funds noted above contain the required amounts and certain financial ratios are met.

Annual principal and interest requirements on sales tax revenue bonds for the Corporations were less than 15% of gross sales tax revenues. The Corporations are in compliance with the bond covenants as of September 30, 2021.

In June 2021, the MEDC issued $22,650,000 Sales Tax Revenue Refunding Bonds, Taxable Series 2021. The debt was issued to refund remaining amounts of two prior issuances including the Sales Tax Revenue Bonds Series 2011 of $2,890,000, Sales Tax Revenue Refunding Bonds Taxable Series 2016 of $4,150,000, and Sales Tax Revenue Bonds Taxable Series 2018 of $16,690,000. The bonds were issued with interest rates ranging from 0.34% to 2.08% and matures through 2031. This Taxable Series 2021 refunding resulted in a decrease in the EDC's debt service payments of $2,094,392, which resulted in an economic gain (difference between the present value of the debt service payments of the old debt and new debt) of $1,222,510.

Debt service requirements for the discretely presented component units of the sales tax revenue bonds for the years subsequent to September 30, 2021, are as follows:

	Sales Tax Revenue Bonds		
MEDC Fiscal Year	Principal Requirements	Interest Requirements	Total
2022	$ 2,175,000	$ 292,269	$ 2,467,269
2023	2,185,000	284,874	2,469,874
2024	2,190,000	276,353	2,466,353
2025	2,205,000	261,680	2,466,680
2026	2,230,000	238,527	2,468,527
2027-2031	11,665,000	678,824	12,343,824
	$ 22,650,000	$ 2,032,527	$ 24,682,527

MCDC Fiscal Year	Principal Requirements	Interest Requirements	Total
2022	$ 1,055,000	$ 663,284	$ 1,718,284
2023	1,085,000	636,044	1,721,044
2024	1,115,000	605,436	1,720,436
2025	1,145,000	572,867	1,717,867
2026	1,180,000	537,589	1,717,589
2027-2031	6,545,000	2,048,138	8,593,138
2032-2035	6,225,000	654,320	6,879,320
	$ 18,350,000	$ 5,717,678	$ 24,067,678

Conduit Debt

The McKinney Housing Finance Corporation (MHFC) issued conduit debt for purposes of low income housing development in the City of McKinney. Neither the City nor the MHFC has any obligation for such debt beyond the resources provided by a lease or loan with the third party. As of September 30, 2021, the aggregate outstanding conduit debt is $68,650,623.

Restricted Assets

The balances of the restricted asset accounts in the enterprise funds are as follows:

Purpose	Cash and Investments	Accrued Interest Receivable	Total
Water and Wastewater Funds:			
Operating Fund	$ 4,457,903	$ -	$ 4,457,903
Utility Capital Projects Fund	116,147,207	-	116,147,207
Utility Development Impact Fee	4,247,524	-	4,247,524
Revenue Debt Service Fund	10,161,886	-	10,161,886
Revenue Bond Reserve Fund	9,053,826	6,017	9,059,843
Airport Funds:			
Operating Fund	287,450	-	287,450
Airport Construction Fund	10,707,211	-	10,707,211
	$ 155,063,007	$ 6,017	$ 155,069,024

The ordinance authorizing the water and wastewater system revenue bonds requires that the City establish a fund, Revenue Bond Reserve Fund, to reserve an amount not less than the average annual requirement for the payment principal and interest on all the revenue bonds. At September 30, 2021, net position is sufficient to satisfy such bond ordinance requirements.

The ordinance further requires that the proceeds from the sale of revenue bonds be expended for certain capital improvements to the water and wastewater system. The proceeds are maintained as Restricted Assets – Utility Capital Projects Fund until such time as needed to fund the water and wastewater system construction program.

Note 4. Deferred Compensation Plan

Revenue Code Section 457. One plan is administered by the International City Management Association Retirement Corporation (ICMARC) and the other is administered by Nationwide. All assets and income are held in trust for the exclusive benefit of participants and their beneficiaries, therefore it is not reported in the financial statements of the City. Assets and liabilities are not included in the City's basic financial statements.

The plan, available to all full-time City employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

Note 5. Pension Plan

Plan Description

The City and three of its component units participate as one of 895 plans in the nontraditional, joint contributory, hybrid defined benefit agent multiple-employer pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS, an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (TMRS Act) is an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available annual comprehensive financial report (ACFR) that can be obtained at www.tmrs.com.

All eligible employees of the City are required to participate in TMRS.

Benefits Provided

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS.

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the city-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven actuarially equivalent payments options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24 or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

A summary of plan provisions for the City are as follows:

Employee Deposit Rate:	7.0%
Matching Ratio (City to employee)	2 to 1
Years required for vesting	5 years
Service retirement eligibility	20 years at any age, 5 years at age 60 and above
Updated service credit	100% Repeating, Transfers
Annuity increase to retirees	70% of CPI Repeating

Employees Covered by Benefit Terms:

At the December 31, 2020, valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	371
Inactive employees entitled to but not yet receiving benefits	529
Active employees	1,171
	2,071

Contributions

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the city matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the city. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the City were required to contribute 7% of their annual gross earnings during the fiscal year. Employer contributions are actuarially determined; for the fiscal year ended September 30, 2021, the City and its component units made contributions of $14,075,241 or 14.92% of covered payroll.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2020, and the Total Pension Liability (TPL) used to calculate the NPL was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The total pension liability in the December 31, 2020, actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	2.75% per year, adjusted down for population declines, if any
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation

Salary increases are based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables with the Public Safety table used for males and the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender-distinct 2019 Municipal Retirees of Texas mortality tables. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by Scale UMP to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees is used with a 4- year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate is applied, for males and females respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2014 to December 31, 2018. They were adopted in 2019 and first used in the December 31, 2019 actuarial valuation. The post-retirement mortality assumption for Annuity Purchase Rates (APRs) is based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2021 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global equity	30%	5.30%
Core fixed income	10%	1.25%
Non-core fixed income	20%	4.14%
Real return	10%	3.85%
Real estate	10%	4.00%
Absolute return	10%	3.48%
Private equity	10%	7.75%
	100%	

Discount Rate

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that member and employee contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances as of October 1, 2020	$ 330,501,432	$ 290,986,949	$ 39,514,483
Changes for the year:			
Service cost	16,656,052	-	16,656,052
Interest on total pension liability	22,594,939	-	22,594,939
Effect of difference in expected and actual experience	2,843,789	-	2,843,789
Change in assumptions	-	-	-
Benefit payments	(8,179,253)	(8,179,253)	-
Administrative expenses	-	(142,924)	142,924
Member contributions	-	6,309,111	(6,309,111)
Net investment income	-	22,121,978	(22,121,978)
Employer contributions	-	13,429,396	(13,429,396)
Other	-	(5,577)	5,577
Balances as of September 30, 2021	$ 364,416,959	$ 324,519,680	$ 39,897,279
City	$ 358,732,054	$ 319,456,425	$ 39,275,629
Component Units	$ 5,684,905	$ 5,063,255	$ 621,650

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the City and its component units, calculated using the discount rate of 6.75%, as well as what the City and its component unit's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

	1% Decrease in Discount Rate (5.75%)	Current Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
City's net pension liability	$ 97,476,281	$ 39,275,629	$ (7,931,183)
Component unit's net pension liability:			
MEDC	937,179	377,613	(76,254)
MCDC	240,268	96,810	(19,549)
MCVB	365,396	147,227	(29,731)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in a separately-issued TMRS financial report. That report may be obtained on the Internet at www.tmrs.com.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2021, the City and its component units recognized pension expense of $11,489,889 and $181,861, respectively.

At September 30, 2021, the City and its component units reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Primary Government		MEDC	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 4,526,658	$ (437,889)	$ 43,521	$ (4,210)
Changes in assumptions	765,402	(544)	7,359	-
Differences between projected and actual investment earnings	-	(8,106,103)	-	(77,936)
Contributions subsequent to the measurement date	10,106,794	-	97,171	-
Total	$15,398,854	$ (8,544,536)	$ 148,051	$ (82,146)

	MCDC		MCVB	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 11,158	$ (1,079)	$ 16,968	$ (1,641)
Changes in assumptions	1,887	-	2,869	-
Differences between projected and actual investment earnings	-	(19,981)	-	(30,386)
Contributions subsequent to the measurement date	24,912	-	37,886	-
Total	$ 37,957	$ (21,060)	$ 57,723	$ (32,027)

Deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date of $10,106,794 and $159,969 will be recognized as a reduction of the net pension liability of the City and its component units, respectively, for the year ending September 30, 2022.

Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended September 30	Primary Government	MEDC	MCDC	MCVB
2022	$ (1,574,388)	$ (15,137)	$ (3,881)	$ (5,902)
2023	1,046,292	10,059	2,579	3,922
2024	(3,778,687)	(36,330)	(9,314)	(14,165)
2025	314,242	3,021	775	1,178
2026	636,720	6,122	1,569	2,387
Thereafter	103,345	999	257	390
Total	$ (3,252,476)	$ (31,266)	$ (8,015)	$ (12,190)

Note 6. Postemployment Benefits Other Than Pensions

Retiree Health Care Plan

Plan Description
The City provides postemployment medical and dental benefits (OPEB) for eligible retirees, their spouses and dependents through a single-employer defined benefit plan, which covers both active and retired members.

All medical care benefits are provided through the City's self-insured health plan. The two optional benefit levels, CityCare PPO and CityCare Plus PPO, are the same for retirees as those afforded to active employees.

Benefits Provided
To be eligible for coverage a retiree must qualify under all three of the following:

1. Has been covered as an employee for medical benefits under the City of McKinney Employee Healthcare Plan immediately prior to retirement; and
2. Applies for pension benefits from TMRS in accordance with their requirements and deadlines, but in no event later than the effective date of retirement; and
3. Enrolls for Retiree health coverage no later than the effective date of retirement.

Retirees who elect COBRA cannot later elect retiree coverage. Retirees are not allowed to add additional dependents upon retirement. Retirees or dependents who are Medicare eligible may not remain on the Plan; however, retirees may elect to purchase a Medicare supplement offered by the City.

As of December 31, 2020, the following employees were covered by the benefit terms:

Retirees and beneficiaries receiving benefits	23
Terminated employees eligible for benefits, but not yet enrolled	-
Active employees	1,144
Total	1,167

Accounting Policy
An irrevocable trust has not been established that meets the criteria in paragraph 4 of GASB Statement No. 75. Therefore, the plan is not accounted for as a trust fund. The plan does not issue a separate financial report.

Funding Policies
The benefit levels and contribution rates are approved annually by the City management and the City Council as part of the budget process. By the City not contributing anything toward this plan in advance, the City employs a pay-as-you-go method through ensuring the annual retiree contributions are equal to the benefits that are paid on behalf of the retirees. OPEB expense as actuarially determined for the City and its component units was $2,263,292 and $35,823 respectively.

The monthly Retiree health coverage contribution rates for offered benefit levels are as follows:

CITYCARE PPO		CITYCARE PLUS PPO	
Single Coverage	$ 745	Single Coverage	$ 823
Single + Spouse	1,548	Single + Spouse	1,821
Single + Children	1,368	Single + Children	1,597
Single + Family	2,037	Single + Family	2,379

Actuarial Methods and Assumptions
Significant methods and assumptions used in the December 31, 2020, actuarial valuation are as follows:

Actuarial Cost Method	Individual Entry-Age
Discount Rate	2.00% as of December 31, 2020
Inflation	2.50%
Salary Increases	3.50% to 11.50%, including inflation
Demographic Assumption	Based on the experience study covering the four-year period ending December 31, 2018, as conducted for the Texas Municipal Retirement System (TMRS)
Mortality	For healthy retirees, the gender-distinct 2019 Municipal Retirees of Texas mortality tables are used. The rates are projected on a fully generational basis using the ultimate mortality improvement rates in the MP tables to account for future mortality improvements.
Health Care Trend Rates	Initial rate of 7.00% declining to an ultimate rate of 4.25% after 13 years.
Participation Rates	0% for employees retiring before the age of 50; 15% for employees retiring between the ages of 50 and 55; 50% for employees retiring at the age of 55 or older, or through disability retirement at any age
Other Information	The discount rate changed from 2.75% as of December 31, 2019 to 2.00% as of December 31, 2020.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status and contributions of the City's retiree health care plan are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

Total OPEB Liability

The total OPEB liability of $21,758,223 (City) and $344,387 (Component Units) was measured as of December 31, 2020, and was determined by an actuarial valuation as of December 31, 2020.

The total OPEB liability and related information are as follows for the City and its component units at September 30, 2021:

Balance as of October 1, 2020	$ 21,875,590
Changes for the year:	
Service cost	1,578,300
Interest on total OPEB liability	621,546
Difference between expected and actual experience of the total OPEB liability	(3,473,801)
Change of assumptions	1,627,140
Benefit payments	(126,165)
Balance as of September 30, 2021	$ 22,102,610
City	$ 21,758,223
Component Units	$ 344,387

Although not considered contributions under GASB 75, the City has assigned $8,571,638 of fund balance in the General Fund for funding of the total OPEB liability.

OPEB Expense and Deferred Outflows of Resources Related to OPEBs

For the year ended September 30, 2021, the City and its component units recognized OPEB expense of $2,299,115. At September 30, 2021, the City and its component units reported deferred outflows of resources related to OPEBs from the following sources:

	Primary Government		MEDC	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 213,064	$(3,221,776)	$ 2,048	$ (30,976)
Changes in assumptions	3,504,640	-	33,695	-
Contributions subsequent to the measurement date	-	(10,985)	-	(106)
Total	$ 3,717,704	$(3,232,761)	$ 35,743	$ (31,082)

	MCDC		MCVB	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 525	$ (7,941)	$ 799	$ (12,077)
Changes in assumptions	8,639	-	13,137	-
Contributions subsequent to the measurement date	-	(27)	-	(41)
Total	$ 9,164	$ (7,968)	$ 13,936	$ (12,118)

Deferred outflows of resources related to OPEBs resulting from benefit payments subsequent to the measurement date of ($10,985) and ($174) will be recognized as a reduction of the total OPEB liability of the City and its component units, respectively, for the year ending September 30, 2022.

Other amounts reported as deferred outflows related to OPEBs will be recognized in OPEB expense as follows:

Year Ended September 30	Primary Government	MEDC	MCDC	MCVB
2022	$ 97,722	$ 940	$ 241	$ 366
2023	97,722	940	241	366
2024	97,722	940	241	366
2025	97,722	940	241	366
2026	97,722	940	241	366
Thereafter	7,318	67	18	29
Total	$ 495,928	$ 4,767	$ 1,223	$ 1,859

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the City and its component units, calculated using the discount rate of 2.00%, as well as what the City and its component unit's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.00%) or 1-percentage-point higher (3.00%) than the current discount rate:

	1% Decrease in Discount Rate (1.00%)	Current Discount Rate (2.00%)	1% Increase in Discount Rate (3.00%)
City's total OPEB liability	$ 24,066,549	$ 21,758,223	$ 19,647,016
Component unit's total OPEB liability:			
MEDC	231,386	209,193	188,895
MCDC	59,321	53,632	48,428
MCVB	90,215	81,562	73,648

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the City and its component units, as well as what the City and its component unit's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Current Healthcare Cost Trend Rates Assumption	1% Increase
City's total OPEB liability	$ 18,807,787	$ 21,758,223	$ 25,314,388
Component unit's total OPEB liability:			
MEDC	180,826	209,193	243,383
MCDC	46,359	53,632	62,397
MCVB	70,502	81,562	94,893

Supplemental Death Benefit Plan

Plan Description

The City contributes to a single-employer defined benefit OPEB plan, the group-term life insurance plan known as the SDBF. This is a voluntary program administered by the Texas Municipal Retirement System (TMRS) in which the City elected, by ordinance, to provide group term life insurance coverage to active and retired members. The City may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

Benefits Provided

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death). The death benefit for retirees is considered another postemployment benefit (OPEB) and is a fixed amount of $7,500. As the SDBF covers both active and retiree participants, with no segregation of assets, the SDBF is considered to be an unfunded OPEB plan (i.e. no assets are accumulated).

The member city contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year. The intent is not to pre-fund retiree term life insurance during employees' entire careers.

As of December 31, 2020, the following employees were covered by the benefit terms:

Retirees and beneficiaries receiving benefits	260
Terminated employees eligible for benefits, but not yet enrolled	126
Active employees	1,171
Total	1,557

Accounting Policy

An irrevocable trust has not been established that meets the criteria in paragraph 4 of GASB Statement No. 75. Therefore, the plan is not accounted for as a trust fund. The plan does not issue a separate financial report.

Actuarial Methods and Assumptions

Significant methods and assumptions used in the December 31, 2020, actuarial valuation are as follows:

Inflation	2.50%
Salary Increases	3.50% to 11.50%, including inflation
Discount Rate	2.00% as of December 31, 2020 Source: Fidelity Index's "20-Year Municipal GO AA Index"
Retirees' share of benefit related costs	$0
Administrative expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68.
Mortality rates – service retirees	2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP.
Mortality rates – disabled retirees	2019 Municipal Retirees of Texas Mortality Tables with a 4 year set-forward for males and a 3 year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

Note: The actuarial assumptions used in the December 31, 2020 valuation were based on the results of an actuarial experience study for the period December 31, 2014 to December 31, 2018.

Total OPEB Liability

The City's total OPEB liability of $2,813,835 was measured as of December 31, 2020, and was determined by an actuarial valuation as of that date.

The total OPEB liability and related information are as follows for the City at September 30, 2021:

Balance as of October 1, 2020	$ 2,230,763
Changes for the year:	
Service cost	171,248
Interest on total OPEB liability	63,577
Difference between expected and actual experience of the total OPEB liability	(64,601)
Change of assumptions	421,861
Benefit payments	(9,013)
Balance as of September 30, 2021	$ 2,813,835

OPEB Expense and Deferred and Outflows and Inflows of Resources Related to OPEB
For the year ended September 30, 2021, the City recognized OPEB expense of $315,469.

At September 30, 2021, the City reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 194,363	$ (371,673)
Changes in assumptions	761,394	(94,300)
Contributions subsequent to the measurement date	75,643	-
Total	$ 1,031,400	$ (465,973)

Benefit payments subsequent to the measurement date and before fiscal year-end of $75,643 will be recognized as a reduction of the total OPEB liability in the year ending September 30, 2022.

Other amounts reported as deferred outflows related to OPEBs will be recognized in OPEB expense as follows:

Year Ended September 30		
2022	$	80,645
2023		80,645
2024		80,645
2025		80,645
2026		67,280
Thereafter		99,924
Total	$	489,784

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the City, calculated using the discount rate of 2.00%, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.00%) or 1-percentage-point higher (3.00%) than the current discount rate:

	1% Decrease in Discount Rate (1.00%)	Current Discount Rate (2.00%)	1% Increase in Discount Rate (3.00%)
Total OPEB liability	$ 3,529,397	$ 2,813,835	$ 2,269,747

Note 7. Disclosures about Fair Value of Assets

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

Level 1	Quoted prices in active markets for identical assets or liabilities
Level 2	Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities
Level 3	Unobservable inputs supported by little or no market activity and are significant to the fair value of the assets or liabilities

Investment in State Investment Pools

During the year, the City invested in multiple public fund investment pools, including TexPool, LOGIC, TexasDAILY and Texas CLASS. Investments in the pools are not categorized in accordance with GASB Statement No. 3 disclosure requirements since the City has not been issued certificates, but rather it owns an individual beneficial interest in the net position of the related investment pools. The fair value of the position of the pools for LOGIC, TexasDAILY and Texas CLASS are measured at net asset value and is designed to approximate the share value. The fair value of the position of in TexPool is measured at amortized cost as the pool meets requirements of GASB No. 79. Each pool's governing body is comprised of individuals who are employees, officers, or elected officials of participants in the funds or who do not have a business relationship with the fund and are qualified to advise. Investment objective and strategies of the pools are to seek preservation of principal, liquidity and current income through investment in a diversified portfolio of short-term marketable securities. Pools offer same day access to investment funds and does not have any limitations or restrictions on withdrawals.

Recurring Measurements

The following table presents the fair value measurements of assets recognized in the accompanying financial statements measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at September 30, 2021:

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
PRIMARY GOVERNMENT				
Investments by Fair Value Level				
Federal agency securities	$ 136,093,859	$ -	$ 136,093,859	$ -
Total Investments by Fair Value Level	$ 136,093,859	$ -	$ 136,093,859	$ -
Investments Measured at Net Asset Value				
LOGIC	119,102,460			
TexasDAILY	52,116,222			
TexasCLASS	142,991,909			
Investments Measured at Amortized Cost				
TexPool/TexPool Prime	82,347,812			
Total Investments	$ 532,652,262			
MEDC				
Investments Measured at Net Asset Value				
LOGIC	$ 656,665			
TexasCLASS	2,201,054			
Investments Measured at Amortized Cost				
TexPool/TexPool Prime	6,956,073			
Total Investments	$ 9,813,792			
MCDC				
Investments Measured at Net Asset Value				
LOGIC	$ 9,347,158			
TexasCLASS	13,714,788			
Investments Measured at Amortized Cost				
TexPool/TexPool Prime	35,376,896			
Total Investments	$ 58,438,842			

Certain investments that are measured using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts included in the fair value measurement table approximate net asset value for all related external investment pool balances.

Investments

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy. At September 30, 2021, no investments held by the City met the Level 3 hierarchy classification.

Note 8. Water Purchase, Wastewater and Solid Waste Disposal Contracts

The City has a contract with the North Texas Municipal Water District (NTMWD) to purchase substantially all of its water. Under the contract, the City pays NTMWD a rate based on water usage. The rates charged are subject to minimum annual contract payments. Contract payments for water for the year ended September 30, 2021, were $35,062,080.

The City has a contract with NTMWD whereby NTMWD agreed to provide a wastewater treatment and disposal system for the benefit of the City and any "additional member city," as defined. Each member city pays an "annual payment," as defined, as its share of operating expenses and debt service of NTMWD. The City's annual payment for the year ended September 30, 2021, was $22,902,564.

The City has a contract with NTMWD whereby NTMWD agreed to dispose of solid waste for the City and any "additional member city," as defined. Each member city pays an "annual payment," as defined, as its share of operating expenses and debt service of NTMWD. The City's annual payment for the year ended September 30, 2021, was $5,758,346.

Note 9. Litigation

The City is party to several legal actions arising in the ordinary course of business. In the opinion of the City's management, the City has adequate legal defense and/or insurance coverage regarding each of these actions and does not believe that they will materially affect the City's operations or financial position.

Note 10. Contingent Liabilities

The City participates in a number of Federal and State funded grant programs. These programs are subject to program compliance audits and adjustments by the grantor agencies or their representatives. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. Any liability for reimbursement, which may arise as the result of these audits is not believed to be material.

NTMWD has issued revenue bonds for systems that service participating cities. Member cities including McKinney have guaranteed to pay their share of debt service, and certain related administrative costs. NTMWD allocates these costs annually based on each city's pro-rata usage of the respective systems.

Outstanding principal balances as of September 30, 2021, are as follows:

	NTMWD Debt Service*	McKinney's Allocated Share
Water System	$ 2,661,560,000	$ 313,998,061
Wastewater System	430,515,000	128,394,793
Solid Waste System	874,685,000	11,603,458
Total	$ 3,966,760,000	$ 453,996,312

*Only represents NTMWD debt service related to systems servicing McKinney. It may not reflect NTMWD's total debt service.

Note 11. Insurance and Risk Management

The City's Insurance and Risk Management Internal Service Fund accounts for health care claims, workers' compensation claims, property, and general liability claims.

The City provides health care benefits to City employees under a partially self-insured plan (Plan). Under the Plan, the City and the employees pay a predetermined monthly premium, which is based on the projected claims cost for the Plan and the extent of medical coverage selected by the employee. The monthly premiums are deposited into the Insurance and Risk Fund and are used to pay claims as they are submitted. The City's liability is limited by an excess (stop loss) insurance policy covering individual claims in excess of $150,000. The City utilizes Cigna as a third party administrator to adjudicate and pay medical claims on behalf of the City. Throughout the policy year, the "stop loss" insurance carrier reimburses the City for claims paid during the policy year which exceeded the "stop loss" deductible amount.

For the year ended September 30, 2021, the City and the City's employees' contributions paid under the Plan were $17,982,952 and $2,992,331 respectively.

The City participates in the Texas Municipal League Intergovernmental Risk Pool (TMLIRP) for workers' compensation claims, liability (general, automobile, law enforcement and errors/omissions), and property insurance. The Insurance and Risk Management internal service fund allocates costs to each department in order to pay deductibles and workers' compensation premium costs (TMLIRP contributions). This cost is based on the pool's claims cost, which is adjusted to reflect the City's individual claims experience.

The City has a workers' compensation deductible of $25,000 per accident, with an annual aggregate retention of $500,000. During 2021, the City contributed $1,152,549 for workers' compensation coverage.

The City maintains deductibles of $100,000 per occurrence for Error and Omissions, $50,000 per occurrence for Auto Liability, $50,000 per occurrence for Law Enforcement Liability and up to $25,000 per occurrence for all other liability coverages. All insured claims are paid by TMLIRP, with the City reimbursing TMLIRP for the deductible. The City also carries a liability policy for the Airport through Chubb Limited with a $10,000 deductible. During 2021, the City contributed $1,565,839 for property, general liability and all other coverage premiums.

The liabilities for insurance claims reported are based on GASB No. 10, Accounting and Financial Reporting for Risk Financing and Related Insurance Issues, amended by GASB No. 66, Technical Corrections, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. These liabilities include an estimate for incurred but not reported claims and are included in accounts payable.

The changes in the Insurance and Risk Management liability amount in fiscal 2021 and 2020 were:

	Liability Beginning of Year	Current Year Claims and Changes in Estimates	Claim Payments and Changes in Estimates	Liability End of Year
2021:				
Health Claims	$ 761,504	$ 16,890,513	$ (16,778,253)	$ 873,764
Workers' Comp	415,869	810,638	(933,510)	292,997
Totals	$ 1,177,373	$ 17,701,151	$ (17,711,763)	$ 1,166,761
2020:				
Health Claims	$ 683,228	$ 17,196,440	$ (17,118,164)	$ 761,504
Workers' Comp	477,914	566,472	(628,517)	415,869
Totals	$ 1,161,142	$ 17,762,912	$ (17,746,681)	$ 1,177,373

There were no significant reductions in insurance coverage from the prior year. There have been no claim settlements in excess of insurance coverage in the last three years.

Note 12. Tax Abatements and Grants

The City offers property and sales tax abatement/grant agreements with local businesses under Chapter 312 and Chapter 380 of the Texas Local Government Code. Under these Codes, the City may award tax abatements/grants of up to 100 percent of a business's property and sales taxes for the purpose of attracting or retaining businesses within their jurisdiction. The abatements/grants may be awarded to any business located within or promising to relocate to the City of McKinney.

For the fiscal year ended September 30, 2021, the City paid $1,937,268 in economic development grants under Chapter 380. This amount is reported in aggregate due to sales tax confidentiality requirements under Texas Tax Code. No tax abatements were made under Chapter 312.

Note 13. Subsequent Events

The City has evaluated all events or transactions that occurred after September 30, 2021, and through February 9, 2022, the date the financial statements were issued.

Required Supplementary Information

City of McKinney, Texas

Required Supplementary Information
Texas Municipal Retirement System
Schedule of Changes in Net Pension Liability and Related Ratios
Last Seven Fiscal Years
(Unaudited)

	Measurement Year 2014	Measurement Year 2015	Measurement Year 2016	Measurement Year 2017
Total Pension Liability				
Service cost	$ 9,534,719	$ 11,440,134	$ 11,777,430	$ 13,043,869
Interest	13,426,027	14,599,379	15,547,224	17,075,327
Difference between expected and actual experience	(1,820,025)	1,730,171	1,237,911	1,529,198
Change in assumptions	-	(4,050)	-	-
Benefit payments, including refunds of employee contributions	(4,612,787)	(6,049,662)	(6,285,532)	(6,828,906)
Net Change in Total Pension Liability	16,527,934	21,715,972	22,277,033	24,819,488
Total Pension Liability - Beginning	189,339,391	205,867,325	227,583,297	249,860,330
Total Pension Liability - Ending (a)	205,867,325	227,583,297	249,860,330	274,679,818
Plan Fiduciary Net Position				
Contributions - employer	8,510,170	9,752,849	9,615,410	10,718,106
Contributions - employee	3,855,271	4,348,528	4,433,984	4,903,710
Net investment income (loss)	9,074,467	258,721	12,404,196	28,219,049
Benefit payments, including refunds of employee contributions	(4,612,787)	(6,049,662)	(6,285,532)	(6,828,906)
Administrative expense	(94,724)	(157,574)	(140,032)	(146,159)
Other	(7,788)	(7,782)	(7,545)	(7,407)
Net Change in Plan Fiduciary Net Position	16,724,609	8,145,080	20,020,481	36,858,393
Plan Fiduciary Net Position - Beginning	158,597,927	175,322,536	183,467,616	203,488,097
Plan Fiduciary Net Position - Ending (b)	175,322,536	183,467,616	203,488,097	240,346,490
City's Net Pension Liability - Ending (a) - (b)	$ 30,544,789	$ 44,115,681	$ 46,372,233	$ 34,333,328
Plan fiduciary net position as a percentage of total pension liability	85.16%	80.62%	81.44%	87.50%
Covered payroll	$ 54,810,138	$ 61,939,002	$ 63,285,492	$ 70,053,001
City's net pension liability as a percentage of covered payroll	55.73%	71.22%	73.27%	49.01%

The information in this schedule has been determined as of the measurement date (December 31) of the City's net pension liability and is intended to show information for 10 years. However, until a full 10-year trend is compiled in accordance with the provision of GASB 68, only periods for which such information is available are presented.

Measurement Year 2018	Measurement Year 2019	Measurement Year 2020
$ 14,350,469	$ 15,704,599	$ 16,656,052
18,774,911	20,486,802	22,594,939
(714,145)	1,546,692	2,843,789
-	1,126,181	-
(7,416,454)	(8,037,441)	(8,179,253)
24,994,781	30,826,833	33,915,527
274,679,818	299,674,599	330,501,432
299,674,599	330,501,432	364,416,959
11,908,337	12,785,966	13,429,396
5,426,974	5,939,071	6,309,111
(7,206,568)	37,605,557	22,121,978
(7,416,454)	(8,037,441)	(8,179,253)
(139,143)	(212,196)	(142,924)
(7,270)	(6,374)	(5,577)
2,565,876	48,074,583	33,532,731
240,346,490	242,912,366	290,986,949
242,912,366	290,986,949	324,519,680
$ 56,762,233	$ 39,514,483	$ 39,897,279
81.06%	88.04%	89.05%
$ 77,528,194	$ 84,843,863	$ 90,130,150
73.21%	46.57%	44.27%

City of McKinney, Texas

Required Supplementary Information
Texas Municipal Retirement System
Schedule of Contributions
Last Seven Fiscal Years
(Unaudited)

	Fiscal Year 2015	Fiscal Year 2016	Fiscal Year 2017	Fiscal Year 2018
Actuarially determined contribution	$ 9,195,319	$ 9,521,438	$ 10,387,413	$ 11,618,161
Contribution in relation of the actuarially determined contribution	9,195,319	9,521,438	10,387,413	11,618,161
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -
Covered payroll	$ 58,299,396	$ 62,005,210	$ 68,046,988	$ 75,718,876
Contributions as a percentage of covered payroll	15.77%	15.36%	15.27%	15.34%

Notes to Schedule:

Valuation Date:

Actuarial determined contribution rates are calculated as of December 31st each year and become effective in January, 13 months later.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	25 years
Asset Valuation Method	10 Year smoothed market; 12% soft corridor
Inflation	2.50%
Salary Increases	3.50% to 11.50% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2019 valuation pursuant to an experience study of the period 2014 – 2018.
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. Pre-retirement: PUB(10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis with scale UMP.

Other Information: There were no benefit changes during the year.

The information in this schedule has been determined as of the City's most recent fiscal year-end and is intended to show information for 10 years. However, until a full 10-year trend is compiled in accordance with the provision of GASB 68, only periods for which such information is available are presented.

Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021
$ 12,527,597	$ 13,332,675	$ 14,075,241
12,527,597	13,332,675	14,075,241
$ -	$ -	$ -
$ 82,701,398	$ 89,202,852	$ 94,326,249
15.15%	14.95%	14.92%

City of McKinney, Texas

Required Supplementary Information
Schedule of Changes in the City's Total OPEB Liability and Related Ratios
Retiree Health Care Plan
Last Four Fiscal Years
(Unaudited)

	Measurement Year 2017	Measurement Year 2018	Measurement Year 2019	Measurement Year 2020
Total OPEB Liability				
Service cost	$ 918,051	$ 1,249,905	$ 1,207,676	$ 1,578,300
Interest	564,874	561,769	704,301	621,546
Difference between expected and actual experience	3,299	300,000	(162,427)	(3,473,801)
Change in assumptions	797,890	156,041	1,823,548	1,627,140
Benefit payments, including refunds of employee contributions	(294,321)	(314,218)	(155,032)	(126,165)
Net Change in Total OPEB Liability	1,989,793	1,953,497	3,418,066	227,020
Total OPEB Liability - Beginning	14,514,234	16,504,027	18,457,524	21,875,590
Total OPEB Liability - Ending (a)	$ 16,504,027	$ 18,457,524	$ 21,875,590	$ 22,102,610
Covered payroll	$ 70,052,975	$ 77,528,194	$ 84,843,863	$ 90,130,150
Total OPEB liability as a percentage of covered payroll	23.56%	23.81%	25.78%	24.52%

The information in this schedule has been determined as of the measurement date (December 31) of the City's total OPEB liability and is intended to show information for 10 years. However, until a full 10-year trend is compiled in accordance with the provision of GASB 75, only periods for which such information is available are presented.

There are no assets accumulated in a trust that meets the criteria of GASB codification P22.101 or P52.1010 to pay related benefits for the OPEB plan.

City of McKinney, Texas

Required Supplementary Information
Schedule of Changes in the City's Total OPEB Liability and Related Ratios
Supplemental Death Benefit Fund
Last Four Fiscal Years
(Unaudited)

	Measurement Year 2017	Measurement Year 2018	Measurement Year 2019	Measurement Year 2020
Total OPEB Liability				
Service cost	$ 112,085	$ 139,551	$ 127,264	$ 171,248
Interest	54,057	58,290	77,959	63,577
Difference between expected and actual experience	-	304,379	(414,160)	(64,601)
Change in assumptions	158,454	(147,679)	406,260	421,861
Benefit payments, including refunds of employee contributions	(7,005)	(7,751)	(8,484)	(9,013)
Net Change in Total OPEB Liability	317,591	346,790	188,839	583,072
Total OPEB Liability - Beginning	1,377,543	1,695,134	2,041,924	2,230,763
Total OPEB Liability - Ending (a)	$ 1,695,134	$ 2,041,924	$ 2,230,763	$ 2,813,835
Covered payroll	$ 70,053,001	$ 77,528,194	$ 84,843,863	$ 90,130,150
Total OPEB liability as a percentage of covered payroll	2.42%	2.63%	2.63%	3.12%

The information in this schedule has been determined as of the measurement date (December 31) of the City's total OPEB liability and is intended to show information for 10 years. However, until a full 10-year trend is compiled in accordance with the provision of GASB 75, only periods for which such information is available are presented.

There are no assets accumulated in a trust that meets the criteria of GASB codification P22.101 or P52.1010 to pay related benefits for the OPEB plan.

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Combining and Individual Fund Financial Statements and Schedules

City of McKinney, Texas
Budgetary Comparison Schedule (GAAP Basis)
Debt Service Fund
For the Year Ended September 30, 2021

	Budgeted Amounts			Variance with Final Budget -
	Original	Final	Actual	Positive (Negative)
REVENUES				
Property taxes	$ 37,923,070	$ 38,326,474	$ 38,581,390	$ 254,916
Investment income	159,000	42,538	33,217	(9,321)
Total revenues	38,082,070	38,369,012	38,614,607	245,595
EXPENDITURES				
Principal retirement	27,460,000	28,365,000	28,365,000	-
Interest and fiscal charges	12,171,130	11,556,937	11,637,977	(81,040)
Total expenditures	39,631,130	39,921,937	40,002,977	(81,040)
Excess/(deficiency) of revenues over expenditures	(1,549,060)	(1,552,925)	(1,388,370)	164,555
OTHER FINANCING SOURCES (USES)				
Other financing source-issuance of refunding debt	-	-	14,257,385	14,257,385
Deposit to bond refunding escrow account	-	-	(14,286,145)	(14,286,145)
Premium on issuance of debt	-	-	191,966	191,966
Total other financing sources (uses)	-	-	163,206	163,206
Net changes in fund balances	(1,549,060)	(1,552,925)	(1,225,164)	327,761
Fund balances, beginning of year	7,261,008	7,261,008	7,261,008	-
FUND BALANCES, END OF YEAR	$ 5,711,948	$ 5,708,083	$ 6,035,844	$ 327,761

City of McKinney, Texas
Budgetary Comparison Schedule (GAAP Basis)
Capital Projects Fund
For the Year Ended September 30, 2021

	Budgeted Amounts			Variance with Final Budget -
	Original	Final	Actual	Positive (Negative)
REVENUES				
Intergovernmental	$ 15,271,436	$ 27,176,011	$ 6,388,797	$ (20,787,214)
Charges for services	1,535,639	1,535,639	1,535,639	-
Investment income	1,244,000	402,609	202,910	(199,699)
Contributions	15,200,000	39,547,341	15,007,753	(24,539,588)
Miscellaneous	-	103,181	346,672	243,491
Total revenues	33,251,075	68,764,781	23,481,771	(45,283,010)
EXPENDITURES				
General government	11,694,322	48,592,236	16,333,013	32,259,223
Fire	35,500,000	25,778,625	12,189,130	13,589,495
Libraries	-	390,080	223,104	166,976
Parks and recreation	56,825,000	91,624,201	36,555,253	55,068,948
Public works	48,087,633	147,939,549	37,480,811	110,458,738
Interest and fiscal charges	1,359,138	546,885	546,884	1
Total expenditures	153,466,093	314,871,576	103,328,195	211,543,381
Excess/(deficiency) of revenues over (under) expenditures	(120,215,018)	(246,106,795)	(79,846,424)	166,260,371
OTHER FINANCING SOURCES (USES)				
Issuance of long-term debt	110,950,000	57,950,000	54,940,000	(3,010,000)
Premium on issuance of debt	-	-	3,556,885	3,556,885
Transfers in	1,500,000	11,171,000	17,259,842	6,088,842
Total other financing sources (uses)	112,450,000	69,121,000	75,756,727	6,635,727
Net changes in fund balances	(7,765,018)	(176,985,795)	(4,089,697)	172,896,098
Fund balances, beginning of year	213,826,072	213,826,072	213,826,072	-
FUND BALANCES, END OF YEAR	$206,061,054	$ 36,840,277	$ 209,736,375	$ 172,896,098

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Non-Major Governmental Funds

Special Revenue Funds

Hotel/Motel Fund - to account for a 7% hotel/motel tax imposed on lodging fees for the purpose of funding activities and programs that are allowed by the hotel/motel tax to promote tourism.

Law Enforcement Fund - to account for donations and funds derived from police investigation of criminal activities.

Donations Fund - to account for funds provided by private donors and other governmental agencies for the specific purpose(s) designated by the donor.

Community Housing Fund - to account for grants and funding received for affordable housing programs.

Urban Transit District Fund - to account for joint use transit operations of four member cities including joint cost arrangement and administration and use of grant funding.

Grants Fund - to account for local, state, federal, and private grants received for governmental operations and projects.

Tax Increment Reinvestment Zone 1 (TIRZ 1) - to account for property and sales taxes collected in the TIRZ 1 zone for the purpose of funding infrastructure and projects in the Historic Town Center.

Tax Increment Reinvestment Zone 2 (TIRZ 2) - to account for property and sales taxes collected in the TIRZ 2 zone for the purpose of funding infrastructure in and around the Airport.

PEG Cable Channel Fund - to account for fees received from cable operators within the City for the purpose of funding expenditures relating to the PEG (Public, Educational, and Governmental) Cable Channel.

City of McKinney, Texas
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2021

	Special Revenue Funds			
	Hotel/Motel	Law Enforcement	Donations	Community Housing
ASSETS				
Cash and cash equivalents	$ 4,832,866	$ 606,804	$ 87,499	$ 52,208
Receivables:				
Accounts	-	-	-	-
Other taxes	166,012	-	-	-
Due from other governments	-	-	-	226,033
Prepaid items	-	-	-	2,181
TOTAL ASSETS	$ 4,998,878	$ 606,804	$ 87,499	$ 280,422
LIABILITIES				
Accounts payable	$ -	$ 13,933	$ 5,155	$ 146,785
Other accrued liabilities	-	48,033	-	47,066
Due to other funds	-	-	-	57,690
Unearned revenue	-	-	-	-
Total liabilities	-	61,966	5,155	251,541
FUND BALANCES				
Nonspendable				
Prepaid items	-	-	-	2,181
Restricted				
Capital projects	-	-	-	-
Law enforcement	-	544,838	-	-
Fire	-	-	43,228	-
PEG	-	-	-	-
Library	-	-	39,116	-
Community housing	-	-	-	26,700
Hotel/Motel	4,998,878	-	-	-
Transit	-	-	-	-
Grants	-	-	-	-
Total fund balances	4,998,878	544,838	82,344	28,881
TOTAL LIABILITIES AND FUND BALANCES	$ 4,998,878	$ 606,804	$ 87,499	$ 280,422

	Special Revenue Funds					
	Urban Transit District	Grants	TIRZ 1	TIRZ 2	PEG Cable Channel	Total Nonmajor Governmental Funds
	$ 209,821	415,231	$ 5,915,061	$ 4,898,289	$ 2,308,272	$ 19,326,051
	-	1,875,409	5,850	1,367	-	1,882,626
	-	-	-	-	73,681	239,693
	110,991	92,549	-	-	-	429,573
	-	10,274	-	-	-	12,455
	$ 320,812	$ 2,393,463	$ 5,920,911	$ 4,899,656	$ 2,381,953	$ 21,890,398
	$ 28,002	21,525	$ 51,183	$ -	$ -	$ 266,583
	4,399	2,927	-	-	-	102,425
	-	75,605	-	-	-	133,295
	-	2,268,817	-	-	-	2,268,817
	32,401	2,368,874	51,183	-	-	2,771,120
	-	10,274	-	-	-	12,455
	-	-	5,869,728	4,899,656	-	10,769,384
	-	-	-	-	-	544,838
	-	-	-	-	-	43,228
	-	-	-	-	2,381,953	2,381,953
	-	-	-	-	-	39,116
	-	-	-	-	-	26,700
	-	-	-	-	-	4,998,878
	288,411	-	-	-	-	288,411
	-	14,315	-	-	-	14,315
	288,411	24,589	5,869,728	4,899,656	2,381,953	19,119,278
	$ 320,812	$ 2,393,463	$ 5,920,911	$ 4,899,656	$ 2,381,953	$ 21,890,398

City of McKinney, Texas
Combining Statement of Revenues, Expenditures and
Changes in Fund Balance- Nonmajor Governmental Funds
For the Year Ended September 30, 2021

	Special Revenue			
	Hotel/Motel	Law Enforcement	Donations	Community Housing
REVENUES				
Property taxes	$ -	$ -	$ -	$ -
Sales and use taxes	1,785,595	-	-	-
Other taxes and fees	-	-	-	-
Intergovernmental	-	-	-	1,264,133
Fines and forfeitures	-	56,207	-	-
Investment income	6,169	190	71	35
Contributions	-	34,450	1,212	-
Miscellaneous	1,048	-	-	-
Total revenues	1,792,812	90,847	1,283	1,264,168
EXPENDITURES				
Current:				
General government	1,125,000	-	-	-
Police	-	92,646	-	-
Fire	-	-	-	-
Libraries	-	-	13,589	-
Development	-	-	-	1,272,027
Parks and recreation	-	-	109	-
Capital Expenditures:				
General government	-	-	-	-
Police	-	69,106	-	-
Fire	-	-	-	-
Total expenditures	1,125,000	161,752	13,698	1,272,027
Excess (deficiency) of revenues over (under) expenditures	667,812	(70,905)	(12,415)	(7,859)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	(664,780)	-	-	-
Total other financing sources (uses)	(664,780)	-	-	-
Net change in fund balances	3,032	(70,905)	(12,415)	(7,859)
Fund balances, beginning of year	4,995,846	615,743	94,759	36,740
FUND BALANCES, END OF YEAR	$ 4,998,878	$ 544,838	$ 82,344	$ 28,881

Special Revenue					
Urban Transit District	Grants	TIRZ 1	TIRZ 2	PEG Cable Channel	Total Nonmajor Governmental Funds
$ -	$ -	$ 1,934,255	$ 530,955	$ -	$ 2,465,210
-	-	1,835,687	970,637	-	4,591,919
-	-	-	-	300,843	300,843
402,469	8,269,629	-	-	-	9,936,231
-	-	-	-	-	56,207
374	413	5,878	2,910	2,387	18,427
-	-	-	-	-	35,662
-	-	-	-	-	1,048
402,843	8,270,042	3,775,820	1,504,502	303,230	17,405,547
424,128	7,313,158	167,814	-	-	9,030,100
-	219,161	-	-	-	311,807
-	551,586	-	-	-	551,586
-	-	-	-	-	13,589
-	119,571	-	-	-	1,391,598
-	-	-	-	-	109
-	330,233	-	-	-	330,233
-	-	-	-	-	69,106
-	62,498	-	-	-	62,498
424,128	8,596,207	167,814	-	-	11,760,626
(21,285)	(326,165)	3,608,006	1,504,502	303,230	5,644,921
-	279,376	-	-	-	279,376
-	(13,416)	(4,540,630)	(37,710)	-	(5,256,536)
-	265,960	(4,540,630)	(37,710)	-	(4,977,160)
(21,285)	(60,205)	(932,624)	1,466,792	303,230	667,761
309,696	84,794	6,802,352	3,432,864	2,078,723	18,451,517
$ 288,411	$ 24,589	$ 5,869,728	$ 4,899,656	$ 2,381,953	$ 19,119,278

City of McKinney, Texas
Budgetary Comparison (GAAP Basis)
Hotel/Motel Fund
For the Year Ended September 30, 2021

	Budgeted Amounts			
	Original	Final	Actual Amount	Variance with Final Budget - Positive (Negative)
REVENUES				
Sales and use taxes	$ 1,300,000	$ 1,550,000	$ 1,785,595	$ 235,595
Investment income	26,000	5,529	6,169	640
Miscellaneous	2,000	2,000	1,048	(952)
Total revenues	1,328,000	1,557,529	1,792,812	235,283
EXPENDITURES				
General government	1,024,000	1,224,000	1,125,000	99,000
Total expenditures	1,024,000	1,224,000	1,125,000	99,000
Excess of revenues over expenditures	304,000	333,529	667,812	334,283
OTHER FINANCING SOURCES (USES)				
Transfers out	(484,780)	(664,780)	(664,780)	-
Total other financing sources (uses)	(484,780)	(664,780)	(664,780)	-
Net change in fund balance	(180,780)	(331,251)	3,032	334,283
Fund balance, beginning of year	4,995,846	4,995,846	4,995,846	-
FUND BALANCE, END OF YEAR	$ 4,815,066	$ 4,664,595	$ 4,998,878	$ 334,283

City of McKinney, Texas
Budgetary Comparison (GAAP Basis)
Law Enforcement Fund
For the Year Ended September 30, 2021

	Budgeted Amounts			
	Original	Final	Actual Amount	Variance with Final Budget - Positive (Negative)
REVENUES				
Fines and forfeitures	$ 149,950	$ 149,950	$ 56,207	$ (93,743)
Investment income	-	192	190	(2)
Contributions	49,800	49,800	34,450	(15,350)
Total revenues	199,750	199,942	90,847	(109,095)
EXPENDITURES				
Current Expenditures:				
Police	319,000	319,000	161,752	157,248
Total expenditures	319,000	319,000	161,752	157,248
Excess (deficiency) of revenues over (under) expenditures	(119,250)	(119,058)	(70,905)	48,153
Net change in fund balance	(119,250)	(119,058)	(70,905)	48,153
Fund balance, beginning of year	615,743	615,743	615,743	-
FUND BALANCE, END OF YEAR	$ 496,493	$ 496,685	$ 544,838	$ 48,153

City of McKinney, Texas
Budgetary Comparison (GAAP Basis)
Donations Fund
For the Year Ended September 30, 2021

	Budgeted Amounts			
	Original	Final	Actual Amount	Variance with Final Budget - Positive (Negative)
REVENUES				
Investment income	$ -	$ 71	$ 71	$ -
Contributions	7,500	7,500	1,212	(6,288)
Total revenues	7,500	7,571	1,283	(6,288)
EXPENDITURES				
Fire	7,650	7,650	-	7,650
Libraries	40,091	40,091	13,589	26,502
Parks and recreation	-	-	109	(109)
Total expenditures	47,741	47,741	13,698	34,043
Excess (deficiency) of revenues over (under) expenditures	(40,241)	(40,170)	(12,415)	27,755
Net change in fund balance	(40,241)	(40,170)	(12,415)	27,755
Fund balance, beginning of year	94,759	94,759	94,759	-
FUND BALANCE, END OF YEAR	$ 54,518	$ 54,589	$ 82,344	$ 27,755

City of McKinney, Texas
Budgetary Comparison (GAAP Basis)
Community Housing Fund
For the Year Ended September 30, 2021

	Budgeted Amounts			
	Original	Final	Actual Amount	Variance with Final Budget - Positive (Negative)
REVENUES				
Intergovernmental	$ 1,894,818	$ 3,386,335	$ 1,264,133	$ (2,122,202)
Investment income	-	-	35	35
Miscellaneous	15,000	15,000	-	(15,000)
Total revenues	1,909,818	3,401,335	1,264,168	(2,137,167)
EXPENDITURES				
Current Expenditures:				
Development	1,931,318	3,386,335	1,272,027	2,114,308
Total expenditures	1,931,318	3,386,335	1,272,027	2,114,308
Excess (deficiency) of revenues over (under) expenditures	(21,500)	15,000	(7,859)	(22,859)
Net change in fund balance	(21,500)	15,000	(7,859)	(22,859)
Fund balance, beginning of year	36,740	36,740	36,740	-
FUND BALANCE, END OF YEAR	$ 15,240	$ 51,740	$ 28,881	$ (22,859)

City of McKinney, Texas
Budgetary Comparison (GAAP Basis)
Urban Transit District Fund
For the Year Ended September 30, 2021

	Budgeted Amounts			
	Original	Final	Actual Amount	Variance with Final Budget - Positive (Negative)
REVENUES				
Intergovernmental	$ 1,087,798	$ 1,287,798	$ 402,469	$ (885,329)
Investment income	-	371	374	3
Total revenues	1,087,798	1,288,169	402,843	(885,326)
EXPENDITURES				
Current Expenditures:				
General government	1,088,965	1,289,680	424,128	865,552
Total expenditures	1,088,965	1,289,680	424,128	865,552
Excess (deficiency) of revenues over (under) expenditures	(1,167)	(1,511)	(21,285)	(19,774)
Net change in fund balance	(1,167)	(1,511)	(21,285)	(19,774)
Fund balance, beginning of year	309,696	309,696	309,696	-
FUND BALANCE, END OF YEAR	$ 308,529	$ 308,185	$ 288,411	$ (19,774)

City of McKinney, Texas
Budgetary Comparison Schedule (GAAP Basis)
Grants Fund
For the Year Ended September 30, 2021

	Budgeted Amounts			
	Original	Final	Actual Amount	Variance with Final Budget - Positive (Negative)
REVENUES				
Intergovernmental	$ 1,331,800	$ 11,665,319	$ 8,269,629	$ (3,395,690)
Investment income	-	287	413	126
Contributions	20,441	20,441	-	(20,441)
Total revenues	1,352,241	11,686,047	8,270,042	(3,416,005)
EXPENDITURES				
Current Expenditures:				
General government	1,482,241	11,965,136	7,313,158	4,651,978
Police	-	-	219,161	(219,161)
Fire	-	-	551,586	(551,586)
Development	-	-	119,571	(119,571)
Capital Expenditures:				
General government	-	-	330,233	(330,233)
Fire	-	-	62,498	(62,498)
Total expenditures	1,482,241	11,965,136	8,596,207	3,368,929
Excess (deficiency) of revenues over (under) expenditures	(130,000)	(279,089)	(326,165)	(47,076)
OTHER FINANCING SOURCES (USES)				
Transfers in	130,000	279,376	279,376	-
Transfers out	-	(13,416)	(13,416)	-
Total other financing sources (uses)	130,000	265,960	265,960	-
Net change in fund balance	-	(13,129)	(60,205)	(47,076)
Fund balance, beginning of year	84,794	84,794	84,794	-
FUND BALANCE, END OF YEAR	$ 84,794	$ 71,665	$ 24,589	$ (47,076)

City of McKinney, Texas
Budgetary Comparison (GAAP Basis)
TIRZ 1 Fund
For the Year Ended September 30, 2021

	Budgeted Amounts			
	Original	Final	Actual Amount	Variance with Final Budget - Positive (Negative)
REVENUES				
Property taxes	$ 1,803,755	$ 1,803,755	$ 1,934,255	$ 130,500
Sales and use taxes	1,580,831	1,307,800	1,835,687	527,887
Investment income	47,000	6,411	5,878	(533)
Total revenues	3,431,586	3,117,966	3,775,820	657,854
EXPENDITURES				
General government	100,000	205,000	167,814	37,186
Total expenditures	100,000	205,000	167,814	37,186
Excess of revenues over expenditures	3,331,586	2,912,966	3,608,006	695,040
OTHER FINANCING SOURCES (USES)				
Transfers out	(40,630)	(4,540,630)	(4,540,630)	-
Total other financing sources (uses)	(40,630)	(4,540,630)	(4,540,630)	-
Net change in fund balance	3,290,956	(1,627,664)	(932,624)	695,040
Fund balance, beginning of year	6,802,352	6,802,352	6,802,352	-
FUND BALANCE, END OF YEAR	$ 10,093,308	$ 5,174,688	$ 5,869,728	$ 695,040

City of McKinney, Texas
Budgetary Comparison (GAAP Basis)
TIRZ 2 Fund
For the Year Ended September 30, 2021

	Budgeted Amounts			
	Original	Final	Actual Amount	Variance with Final Budget - Positive (Negative)
REVENUES				
Property taxes	$ 499,564	$ 499,564	$ 530,955	$ 31,391
Sales and use taxes	820,821	798,200	970,637	172,437
Investment income	5,000	2,892	2,910	18
Total revenues	1,325,385	1,300,656	1,504,502	203,846
Excess of revenues over expenditures	1,325,385	1,300,656	1,504,502	203,846
OTHER FINANCING SOURCES (USES)				
Transfers out	(37,710)	(37,710)	(37,710)	-
Total other financing sources (uses)	(37,710)	(37,710)	(37,710)	-
Net change in fund balance	1,287,675	1,262,946	1,466,792	203,846
Fund balance, beginning of year	3,432,864	3,432,864	3,432,864	-
FUND BALANCE, END OF YEAR	$ 4,720,539	$ 4,695,810	$ 4,899,656	$ 203,846

City of McKinney, Texas
Budgetary Comparison (GAAP Basis)
PEG Cable Channel Fund
For the Year Ended September 30, 2021

	Budgeted Amounts			
	Original	Final	Actual Amount	Variance with Final Budget - Positive (Negative)
REVENUES				
Other taxes and fees	$ 347,642	$ 328,142	$ 300,843	$ (27,299)
Investment income	8,000	2,377	2,387	10
Total revenues	355,642	330,519	303,230	(27,289)
EXPENDITURES				
Current expenditures:				
General government	337,500	337,500	-	337,500
Total expenditures	337,500	337,500	-	337,500
Excess (deficiency) of revenues over (under) expenditures	18,142	(6,981)	303,230	310,211
Net change in fund balance	18,142	(6,981)	303,230	310,211
Fund balance, beginning of year	2,078,723	2,078,723	2,078,723	-
FUND BALANCE, END OF YEAR	$ 2,096,865	$ 2,071,742	$ 2,381,953	$ 310,211

Non-Major Enterprise Funds

Golf Course Fund - to account for revenue received and operating expenses incurred in the operation of Oak Hollow Municipal Golf Course.

Surface Water Drainage Utility Fund - to account for revenue paid by utility customers and allowable expenses under the Surface Drainage Utility System Ordinance.

Solid Waste Fund - to account for revenues and operating costs of providing solid waste and recycling services.

City of McKinney, Texas
Combining Statement of Net Position
Nonmajor Enterprise Funds
September 30, 2021

	Business-type Activities - Enterprise Funds			
	Golf Course	Surface Water Drainage	Solid Waste	Total Nonmajor Enterprise Funds
ASSETS				
Current assets:				
Cash and cash equivalents	$ 394,704	$ 6,116,281	$ 8,656,126	$ 15,167,111
Investments	-	-	3,035,040	3,035,040
Restricted assets:				
Cash and cash equivalents	10,000	-	-	10,000
Accounts receivable (net of allowance for uncollectibles)	14,183	453,266	1,737,663	2,205,112
Accrued interest	-	-	2,750	2,750
Notes receivable- interfund	-	-	4,482,051	4,482,051
Total current assets	418,887	6,569,547	17,913,630	24,902,064
Non-current assets:				
Capital assets:				
Land	402,213	-	164,296	566,509
Buildings	1,488,882	-	164,402	1,653,284
Improvements other than buildings	2,548,170	-	364,127	2,912,297
Machinery and equipment	257,725	2,152,176	815,065	3,224,966
Less accumulated depreciation	(3,256,443)	(707,723)	(987,222)	(4,951,388)
Total capital assets (net of accumulated depreciation)	1,440,547	1,444,453	520,668	3,405,668
TOTAL ASSETS	1,859,434	8,014,000	18,434,298	28,307,732
DEFERRED OUTFLOWS OF RESOURCES				
Deferred pension outflows	-	217,692	151,539	369,231
Deferred OPEB outflows	-	52,557	36,588	89,145
TOTAL DEFERRED OUTFLOWS OF RESOURCES	-	270,249	188,127	458,376
LIABILITIES				
Current liabilities:				
Accounts payable	-	333,110	38,420	371,530
Other accrued liabilities	-	82,415	1,086,959	1,169,374
Due to other funds	-	-	60,281	60,281
Notes payable	54,138	-	-	54,138
Compensated absences	-	14,947	9,541	24,488
Total current liabilities	54,138	430,472	1,195,201	1,679,811
Payable from restricted assets:				
Deposits	10,000	-	-	10,000
Total current liabilities payable from restricted assets	10,000	-	-	10,000
Non-current liabilities:				
Compensated absences	-	209,141	133,504	342,645
Notes payable	469,408	-	-	469,408
Net pension liability	-	555,238	386,510	941,748
Total OPEB liability	-	307,595	214,122	521,717
Total non-current liabilities	469,408	1,071,974	734,136	2,275,518
TOTAL LIABILITIES	533,546	1,502,446	1,929,337	3,965,329
DEFERRED INFLOWS OF RESOURCES				
Deferred pension inflows	-	120,785	84,080	204,865
Deferred OPEB inflows	-	45,701	31,813	77,514
TOTAL DEFERRED INFLOWS OF RESOURCES	-	166,486	115,893	282,379
NET POSITION				
Net investment in capital assets	1,440,547	1,444,453	520,668	3,405,668
Unrestricted	(114,659)	5,170,864	16,056,527	21,112,732
TOTAL NET POSITION	$ 1,325,888	$ 6,615,317	$ 16,577,195	$ 24,518,400

City of McKinney, Texas

Combining Statement of Revenues, Expenses and Changes in Fund Net Position
Nonmajor Enterprise Funds
For the Year Ended September 30, 2021

	Business-type Activities - Enterprise Funds			
	Golf Course	Surface Water Drainage	Solid Waste	Total Nonmajor Enterprise Funds
OPERATING REVENUES				
Charges for services	$ 90,979	$ 4,228,166	$ 9,262,912	$ 13,582,057
Miscellaneous	82,875	-	34,759	117,634
Total operating revenues	173,854	4,228,166	9,297,671	13,699,691
OPERATING EXPENSES				
Personnel services	-	1,746,191	1,335,459	3,081,650
Materials and supplies	-	77,825	44,640	122,465
Maintenance	-	272,325	51,642	323,967
Contract payments	-	831,790	7,668,527	8,500,317
Utilities	829	1,837	-	2,666
Depreciation	57,241	214,137	61,070	332,448
Other	17,608	49,010	52,136	118,754
Total operating expenses	75,678	3,193,115	9,213,474	12,482,267
Operating income	98,176	1,035,051	84,197	1,217,424
NON-OPERATING REVENUES (EXPENSES)				
Investment income	541	5,990	88,641	95,172
Gain from disposal of assets	3,428	-	-	3,428
Total non-operating revenues	3,969	5,990	88,641	98,600
Income before contributions and transfers	102,145	1,041,041	172,838	1,316,024
Transfers in	-	-	83,222	83,222
Transfers out	(5,000)	(369,105)	(1,135,670)	(1,509,775)
Change in net position	97,145	671,936	(879,610)	(110,529)
Total net position - beginning	1,228,743	5,943,381	17,456,805	24,628,929
TOTAL NET POSITION - ENDING	$ 1,325,888	$ 6,615,317	$ 16,577,195	$ 24,518,400

City of McKinney, Texas
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended September 30, 2021

	Business-type Activities - Enterprise Funds			
	Golf Course	Surface Water Drainage	Solid Waste	Total Nonmajor Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from customers	$ 91,039	$ 4,199,881	$ 9,101,321	$ 13,392,241
Other operating revenues	82,875	-	34,759	117,634
Cash payments for employee services	-	(1,721,685)	(1,333,844)	(3,055,529)
Cash payments to suppliers for goods and services	(18,437)	(920,146)	(7,188,076)	(8,126,659)
Net cash provided by operating activities	155,477	1,558,050	614,160	2,327,687
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:				
Cash received from other funds	-	-	413,852	413,852
Transfers in	-	-	83,222	83,222
Transfers out	(5,000)	(369,105)	(1,135,670)	(1,509,775)
Net cash used in non-capital financing activities	(5,000)	(369,105)	(638,596)	(1,012,701)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition and construction of capital assets	-	(348,033)	-	(348,033)
Proceeds from sale of assets	3,428	-	-	3,428
Principal payments on interfund loans	(53,207)	-	-	(53,207)
Net cash used in capital and related financing activities	(49,779)	(348,033)	-	(397,812)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Purchase of investment securities	-	-	35,370	35,370
Investment earnings	541	5,990	88,641	95,172
Net cash provided by investing activities	541	5,990	124,011	130,542
Net increase in cash	101,239	846,902	99,575	1,047,716
Cash and cash equivalents at beginning of year	303,465	5,269,379	8,556,551	14,129,395
Cash and cash equivalents at end of year	$ 404,704	$ 6,116,281	$ 8,656,126	$ 15,177,111
RECONCILIATION OF TOTAL CASH TO THE STATEMENT OF NET ASSETS				
Unrestricted cash and cash equivalents	$ 394,704	$ 6,116,281	$ 8,656,126	$ 15,167,111
Restricted cash and cash equivalents	10,000	-	-	10,000
	$ 404,704	$ 6,116,281	$ 8,656,126	$ 15,177,111
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:				
Operating income	$ 98,176	$ 1,035,051	$ 84,197	$ 1,217,424
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	57,241	214,137	61,070	332,448
Change in assets and liabilities:				
(Increase) decrease in assets:				
Accounts receivable	60	(28,285)	(161,591)	(189,816)
Accrued interest receivable	-	-	-	-
Prepaid expenses	-	-	578,692	578,692
Increase (decrease) in liabilities:				
Accounts payable	-	300,557	(121,114)	179,443
Accrued liabilities	-	12,084	164,927	177,011
Due to other funds	-	-	6,364	6,364
Liability for compensated absences	-	26,352	2,901	29,253
Net pension liability and OPEB obligation	-	(1,846)	(1,286)	(3,132)
Total adjustments	57,301	522,999	529,963	1,110,263
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 155,477	$ 1,558,050	$ 614,160	$ 2,327,687
NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES				
Non cash contributions	$0	$0	$0	$0

Discretely Presented Component Units

McKinney Economic Development Corporation – purpose is to aid, promote and further the economic development within the City.

McKinney Community Development Corporation – purpose is to identify and fund public projects to maintain or enhance the quality of life in the city.

McKinney Convention & Visitors Bureau – to account for funds received from the City's local hotel/motel tax fund for the purpose of promoting tourism and making the City of McKinney a destination of choice.

McKinney Main Street – purpose is to maintain and enhance a vibrant downtown area through economic redevelopment, design, organization and promotion.

City of McKinney, Texas
Combining Balance Sheet
McKinney Economic Development Corporation
Discretely Presented Component Units
September 30, 2021

	McKinney Economic Development Corporation
ASSETS	
Cash and cash equivalents	$ 6,415,018
Restricted cash and cash equivalents	3,662,408
Accounts receivable	3,270,466
Prepaid items	10,763,271
Total assets	$ 24,111,163
LIABILITIES	
Accounts payable	$ 33,809
Other accrued liabilities	60,865
Total liabilities	94,674
FUND BALANCES	
Non-Spendable	
Prepaid items	10,763,271
Restricted	
Debt service	1,624,407
Unassigned	11,628,811
Total fund balance	24,016,489
TOTAL LIABILITIES AND FUND BALANCE	$ 24,111,163

City of McKinney, Texas
Reconciliation of Balance Sheet of Governmental Funds to the Statement of Net Position
McKinney Economic Development Corporation
Discretely Presented Component Units
September 30, 2021

Total fund balance - MEDC balance sheet	$	24,016,489
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. Capital assets are reported in the government-wide financial statements, net of accumulated depreciation.		66,903,665
Accrued liabilities for compensated absences are not reflected in the fund financial statements.		(117,210)
Deferred outflows of resources and deferred inflows of resources represent flows of resources which relate to future periods and, therefore, are not reported in the fund financial statements. Deferred outflows and inflows of resources consist of:		
Deferred pension outflows (GASB 68)		148,051
Deferred OPEB outflows (GASB 75)		35,743
Deferred charge on refunding		198,301
Deferred pension inflows (GASB 68)		(82,146)
Deferred OPEB inflows (GASB 75)		(31,082)
Net pension and total OPEB liabilities are not reported in the funds.		(586,806)
Bonds payable and notes payable are not reported in the funds.		(22,650,000)
Accrued interest is not reported in the funds.		(23,544)
NET POSITION OF GOVERNMENTAL ACTIVITIES	$	67,811,461

City of McKinney, Texas
Combining Statements of Revenues, Expenditures and Changes in Fund Balance
McKinney Economic Development Corporation
Discretely Presented Component Units
For the Year Ended September 30, 2021

	McKinney Economic Development Corporation
REVENUES	
Sales and use taxes	$ 18,349,959
Investment income	10,516
Total revenues	18,360,475
EXPENDITURES	
Economic development	8,163,711
Interest and fiscal charges	782,766
Total expenditures	8,946,477
Excess of revenues over expenditures	9,413,998
OTHER FINANCING SOURCES (USES)	
Other financing source-issuance of refunding debt	22,650,000
Deposit to bond refunding escrow account	(23,990,056)
Proceeds from sale of property	87,106
Total other financing sources (uses):	(1,252,950)
Net change in fund balance	8,161,048
Fund balance, beginning of year	15,855,441
FUND BALANCE, END OF YEAR	$ 24,016,489

City of McKinney, Texas

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Funds to the Statement of Activities
McKinney Economic Development Corporation
Discretely Presented Component Units
For the Year Ended September 30, 2021

Net change in fund balance - MEDC governmental funds	$	8,161,048
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds do not report depreciation since it does not require the use of current financial resources.		(10,012)
The issuance and refunding of long-term debt, are shown as "Other Sources and Uses" in the governmental funds, but are shown on the statement of net position as a change in debt obligations with corresponding balances amortized over the life of the bonds. Issuance of long-term debt and recognition and amortization of these differences consist of the following:		
Issuance of refunding debt		(22,650,000)
Deposit to bond refunding escrow account		23,990,056
The amortization of losses on refunding of debt are not recorded in the governmental funds, but are amortized on the statement of activities as interest expense. This resulted in the following difference:		
Amortization of refunding loss		(106,464)
Interest is accrued on outstanding debt in the government-wide financial statements, whereas in the fund financial statements an interest expenditure is reported when due.		43,537
Pension and OPEB expense are reported as the amount paid in the funds, but incorporates deferred outflows and deferred inflows in the government-wide financial statements.		1,253
In governmental fund financial statements the proceeds from a sale of assets are shown as an increase in financial resources. In the government-wide financial statements, the gain or loss is calculated and reported.		(12,552)
Current year changes in the long-term liability for compensated absences do not require the use of current financial resources; therefore, they are not reported as expenditures in the governmental fund.		(19,194)
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	$	9,397,672

City of McKinney, Texas
Balance Sheet
McKinney Community Development Corporation
Discretely Presented Component Units
September 30, 2021

	McKinney Community Development Corporation
ASSETS	
Cash and cash equivalents	$ 58,379,144
Accounts receivable	3,270,466
Prepaid items	6,296
Total assets	61,655,906
LIABILITIES	
Accounts payable	211,968
Other accrued liabilities	14,825
Total liabilities	226,793
FUND BALANCES	
NonSpendable	
Prepaid items	6,296
Unrestricted	61,422,817
Total fund balance	61,429,113
TOTAL LIABILITIES AND FUND BALANCE	$ 61,655,906

City of McKinney, Texas
Reconciliation of Balance Sheet of Governmental Funds to the Statement of Net Position
McKinney Community Development Corporation
Discretely Presented Component Units
September 30, 2021

Total fund balance - MCDC balance sheet	$	61,429,113
Amounts reported for governmental activities in the statement of net position are different because:		
Bonds payable are not reported in the funds.		(18,350,000)
Accrued interest is not reported in the funds.		(82,910)
Accrued liabilities for compensated absences are not reflected in the fund financial statements.		(55,016)
Deferred outflows of resources and deferred inflows of resources represent flows of resources which relate to future periods and, therefore, are not reported in the fund financial statements. Deferred outflows and deferred inflows of resources consist of:		
Deferred pension outflows (GASB 68)		37,957
Deferred OPEB outflows (GASB 75)		9,164
Deferred pension inflows (GASB 68)		(21,060)
Deferred OPEB inflows (GASB 75)		(7,968)
Net pension and total OPEB liabilities are not reported in the funds.		(150,442)
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. Capital assets are reported in the government-wide financial statements, net of accumulated depreciation.		7,190,873
NET POSITION OF GOVERNMENTAL ACTIVITIES	$	49,999,711

City of McKinney, Texas
Statement of Revenues, Expenditures and Changes in Fund Balance
McKinney Community Development Corporation
Discretely Presented Component Units
For the Year Ended September 30, 2021

	McKinney Community Development Corporation
REVENUES	
Sales and use taxes	$ 18,349,959
Investment income	53,379
Contributions	5,250
Total revenues	18,408,588
EXPENDITURES	
Community development	12,399,717
Capital outlay	6,447,062
Debt service:	
Principal retirement	1,030,000
Interest and fiscal charges	689,248
Total expenditures	20,566,027
Excess (deficiency) of revenues over (under) expenditures	(2,157,439)
Fund balance, beginning of year	63,586,552
FUND BALANCE, END OF YEAR	$ 61,429,113

City of McKinney, Texas

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Funds to the Statement of Activities
McKinney Community Development Corporation
Discretely Presented Component Units
For the Year Ended September 30, 2021

Net change in fund balance - MCDC governmental funds	$	(2,157,439)
Amounts reported for governmental activities in the statement of activities are different because:		
Current year long-term debt principal payments are expenditures in the fund financial statements but are shown as reductions in long-term debt in the government-wide financial statements.		1,030,000
Interest is accrued on outstanding debt in the government-wide statements, whereas in the fund financial statements, an interest expenditure is reported when due.		3,196
Current year changes in the long-term liability for compensated absences do not require the use of current financial resources; therefore, they are not reported as expenditures in governmental funds.		(8,108)
Current year capital outlays are expenditures in the fund financial statements, but they are shown as an increase in capital assets in the government-wide financial statements. The effect of removing the 2021 capital outlays is to increase net position.		6,447,062
Governmental funds do not report depreciation since it does not require the use of current financial resources.		(10,338)
Pension and OPEB expense are reported as the amount paid in the funds, but incorporates deferred outflows and deferred inflows in the government-wide financial statements.		322
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	$	5,304,695

City of McKinney, Texas
Balance Sheet
McKinney Convention and Visitors Bureau
Discretely Presented Component Units
September 30, 2021

	McKinney Convention & Visitors Bureau
ASSETS	
Cash and cash equivalents	$ 186,707
Prepaid items	3,800
Total assets	190,507
LIABILITIES	
Accounts payable	25,153
Other accrued liabilities	25,175
Total liabilities	50,328
FUND BALANCES	
NonSpendable	
Prepaid items	3,800
Unrestricted	136,379
Total fund balance	140,179
TOTAL LIABILITIES AND FUND BALANCE	$ 190,507

City of McKinney, Texas
Reconciliation of Balance Sheet of Governmental Funds to the Statement of Net Position
McKinney Convention and Visitors Bureau
Discretely Presented Component Units
For the Year Ended September 30, 2021

Total fund balance - MCVB balance sheet	$	140,179
Amounts reported for governmental activities in the statement of net position are different because:		
Deferred outflows of resources and deferred inflows of resources represent flows of resources which relate to future periods and, therefore, are not reported in the fund financial statements. Deferred outflows and deferred inflows of resources consist of:		
Deferred pension outflows (GASB 68)		57,723
Deferred OPEB outflows (GASB 75)		13,936
Deferred pension inflows (GASB 68)		(32,027)
Deferred OPEB inflows (GASB 75)		(12,118)
Net pension and total OPEB liabilities are not reported in the funds.		(228,789)
Accrued liabilities for compensated absences are not reflected in the fund financial statements.		(59,344)
NET POSITION OF GOVERNMENTAL ACTIVITIES	$	(120,440)

City of McKinney, Texas
Statement of Revenues, Expenditures and Changes in Fund Balance
McKinney Convention and Visitors Bureau
Discretely Presented Component Units
For the Year Ended September 30, 2021

	McKinney Convention & Visitors Bureau
REVENUES	
Contributions	$ 878,000
Investment income	290
Miscellaneous	3,846
Total revenues	882,136
EXPENDITURES	
Community development	859,598
Total expenditures	859,598
Excess of revenues over expenditures	22,538
Fund balance, beginning of year	117,641
FUND BALANCE, END OF YEAR	$ 140,179

City of McKinney, Texas
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities
McKinney Convention and Visitors Bureau
Discretely Presented Component Units
For the Year Ended September 30, 2021

Net change in fund balance - MCVB governmental funds	$	22,538
Amounts reported for governmental activities in the statement of activities are different because:		
Pension and OPEB expense is reported as the amount paid in the funds, but incorporates deferred outflows and deferred inflows in the government-wide financial statements.		490
Current year changes in the long-term liability for compensated absences do not require the use of current financial resources; therefore, they are not reported as expenditures in governmental funds.		9,513
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	$	32,541

City of McKinney, Texas
Balance Sheet
McKinney Main Street
Discretely Presented Component Units
September 30, 2021

	McKinney Main Street Corporation
ASSETS	
Cash and cash equivalents	$ 390,251
Total assets	390,251
LIABILITIES	
Accounts payable	123,885
Total liabilities	123,885
FUND BALANCES	
Unrestricted	266,366
Total fund balance	266,366
TOTAL LIABILITIES AND FUND BALANCE	$ 390,251

City of McKinney, Texas
Reconciliation of Balance Sheet of Governmental Funds to the Statement of Net Position
McKinney Main Street
Discretely Presented Component Units
For the Year Ended September 30, 2021

Total fund balance - MMS balance sheet	$	266,366
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. Capital assets are reported in the government-wide financial statements, net of accumulated depreciation.		148,809
NET POSITION OF GOVERNMENTAL ACTIVITIES	$	415,175

City of McKinney, Texas
Statement of Revenues, Expenditures and Changes in Fund Balance
McKinney Main Street
Discretely Presented Component Units
For the Year Ended September 30, 2021

	McKinney Main Street Corporation
REVENUES	
Contributions	$ 29
Events	1,198,463
Miscellaneous income	166,921
Total revenues	1,365,413
EXPENDITURES	
Community development	1,193,401
Capital outlay	3,980
Total expenditures	1,197,381
Excess of revenues over expenditures	168,032
Fund balance, beginning of year	98,334
FUND BALANCE, END OF YEAR	$ 266,366

City of McKinney, Texas

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities

McKinney Main Street

Discretely Presented Component Units

For the Year Ended September 30, 2021

Net change in fund balance - MMS governmental funds	$	168,032
Amounts reported for governmental activities in the statement of activities are different because:		
Current year capital outlays are expenditures in the fund financial statements, but are increases to capital assets in the government-wide financial statements.		3,980
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The effect of recording the current year's depreciation is to decrease net assets.		(17,698)
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	$	154,314

McKINNEY
TEXAS
Unique by nature.

Statistical Section

McKINNEY
TEXAS
Unique by nature.

This part of the City of McKinney's annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, notes disclosures, and required supplementary information says about the City's overall financial health. This information has not been audited by the independent auditor.

Contents	**Table #s**
Financial Trends These tables contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	**1-4**
Revenue Capacity These tables contain information to help the reader assess the City's two most significant local revenue sources, the property and sales taxes.	**5-8**
Debt Capacity These tables present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	**9-13**
Economic and Demographic Information These tables offer economic and demographic indicators to help the reader understand the environment within which the City's financial activities take place.	**14-15**
Operating Information These tables contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides.	**16-18**

Source: Unless otherwise noted, the information in these tables is derived from the annual comprehensive financial reports for the relevant year.

City of McKinney, Texas

Net Position by Component
Accrual Basis of Accounting
Last Ten Fiscal Years (Unaudited)

	Fiscal Year			
	2012	2013	2014	2015
Governmental activities				
Net investment in capital assets	$ 274,393,395	$ 279,952,868	$ 252,289,367	$ 268,918,693
Restricted for:				
Use of impact fees	4,549,816	6,700,810	5,692,253	-
Highways and streets	26,796,515	26,406,329	24,938,952	28,691,743
Debt service	888,855	1,285,455	1,400,079	4,107,035
Other capital projects	-	46,153,392	50,015,128	65,017,451
Public safety	573,763	803,777	896,023	601,868
Community development	309,242	513,456	779,686	1,312,903
Court	-	-	-	-
Library	168,894	242,609	248,630	224,501
PEG	-	-	-	-
Cultural and recreation	6,371	16,109	15,412	13,751
Grants and donations	452,431	425,968	434,681	269,985
Unrestricted	78,769,485	41,729,688	56,117,047	34,468,809
Total governmental activities net position	$ 386,908,767	$ 404,230,461	$ 392,827,258	$ 403,626,739
Business-type activities				
Net investment in capital assets	$ 218,424,139	$ 233,112,767	$ 330,408,725	$ 340,775,669
Restricted for:				
Use of impact fees	5,025,467	8,806,302	7,564,939	8,995,690
Debt service	5,324,601	5,528,516	5,601,263	4,248,344
Unrestricted	78,188,714	77,348,628	89,167,306	88,825,761
Total business-type activities net position	$ 306,962,921	$ 324,796,213	$ 432,742,233	$ 442,845,464
Primary government				
Net investment in capital assets	$ 492,817,534	$ 513,065,635	$ 582,698,092	$ 609,694,362
Restricted for:				
Use of impact fees	9,575,283	15,507,112	13,257,192	8,995,690
Highways and streets	26,796,515	26,406,329	24,938,952	28,691,743
Debt service	6,213,456	6,813,971	7,001,342	8,355,379
Other capital projects	-	46,153,392	50,015,128	65,017,451
Public safety	573,763	803,777	896,023	601,868
Community development	309,242	513,456	779,686	1,312,903
Court	-	-	-	-
Library	168,894	242,609	248,630	224,501
PEG	-	-	-	-
Cultural and recreation	6,371	16,109	15,412	13,751
Grants and donations	452,431	425,968	434,681	269,985
Unrestricted	156,958,199	119,078,316	145,284,353	123,294,570
Total primary governmental net position	$ 693,871,688	$ 729,026,674	$ 825,569,491	$ 846,472,203

Source: Annual Comprehensive Financial Report

Table 1

Fiscal Year					
2016	**2017**	**2018**	**2019**	**2020**	**2021**
$ 320,331,134	$ 403,719,522	$ 440,381,046	$ 461,843,548	$ 496,467,289	$ 553,954,416
-	-	-	-	19,459,628	12,534,491
32,306,475	32,618,355	39,325,471	18,494,348	-	-
3,894,517	4,605,297	5,550,814	5,964,590	6,147,185	4,999,807
44,403,282	53,624,967	76,097,635	62,137,151	66,401,069	79,624,383
614,384	576,119	520,453	439,588	540,844	457,823
4,110,258	4,553,868	5,082,730	15,361,571	15,261,023	15,794,962
350,172	383,860	415,412	530,241	558,328	563,451
203,093	131,231	84,924	-	-	-
-	-	-	1,864,718	2,078,723	2,381,953
14,067	10,423	2,628	-	-	-
257,398	180,313	178,151	415,799	538,225	499,164
44,277,694	69040330	16,826,562	37,373,891	48,100,768	63,714,215
$ 450,762,474	$ 569,444,285	$ 584,465,826	$ 604,425,445	$ 655,553,082	$ 734,524,665
$ 370,316,179	$ 391,997,298	$ 448,604,533	$ 445,241,220	$ 503,427,839	$ 524,411,432
8,407,115	9,415,280	10,286,227	5,913,858	5,467,274	4,247,524
4,338,428	6,420,315	7,015,666	7,974,994	8,818,206	9,301,316
89,348,086	100,155,117	107,923,617	125,098,478	109,449,958	110,313,189
$ 472,409,808	$ 507,988,010	$ 573,830,043	$ 584,228,550	$ 627,163,277	$ 648,273,461
$ 690,647,313	$ 795,716,820	$ 888,985,579	$ 907,084,768	$ 999,895,128	$ 1,078,365,848
8,407,115	9,415,280	10,286,227	5,913,858	24,926,902	16,782,015
32,306,475	32,618,355	39,325,471	18,494,348	-	-
8,232,945	11,025,612	12,566,480	13,939,584	14,965,391	14,301,123
44,403,282	53,624,967	76,097,635	62,137,151	66,401,069	79,624,383
614,384	576,119	520,453	439,588	540,844	457,823
4,110,258	4,553,868	5,082,730	15,361,571	15,261,023	15,794,962
350,172	383,860	415,412	530,241	558,328	563,451
203,093	131,231	84,924	-	-	-
-	-	-	1,864,718	2,078,723	2,381,953
14,067	10,423	2,628	-	-	-
257,398	180,313	178,151	415,799	538,225	499,164
133,625,780	169,195,447	124,750,179	162,472,369	157,550,726	174,027,404
$ 923,172,282	$ 1,077,432,295	$ 1,158,295,869	$ 1,188,653,995	$ 1,282,716,359	$ 1,382,798,126

City of McKinney, Texas
Changes in Net Position
Accrual Basis of Accounting
Last Ten Fiscal Years (Unaudited)

	Fiscal Year				
	2012	2013	2014	2015	2016
Expenses					
Governmental activities:					
General government	$ 21,828,013	$ 20,555,978	$ 33,368,297	$ 27,058,274	$ 29,952,269
Police	21,843,375	23,340,362	26,024,709	25,624,335	29,047,393
Fire	19,636,533	21,432,874	22,806,691	23,727,013	25,631,075
Libraries	3,258,633	3,276,383	3,320,179	3,693,705	3,774,409
Development	8,522,548	9,107,096	10,057,171	13,418,166	10,222,464
Parks and recreation	9,695,909	10,370,483	10,415,311	9,377,277	12,526,997
Public works	33,199,659	35,111,875	37,604,682	39,812,246	40,143,368
Interest on long-term debt	9,514,103	8,912,771	8,482,455	8,019,483	9,020,305
Airport	565,000	613,513	-	-	-
Total governmental activities expenses	128,063,773	132,721,335	152,079,495	150,730,499	160,318,280
Business-type activities:					
Water/Wastewater	47,777,509	52,003,461	55,007,446	60,487,007	69,073,537
Solid Waste	6,572,110	6,486,035	6,280,217	6,860,903	6,861,627
Golf Course	220,140	351,556	194,403	198,663	182,383
Surface Water Drainage	1,551,577	1,660,597	1,934,435	1,911,038	2,098,662
Airport	-	-	8,601,099.00	8,859,527	9,340,030
Total business-type activities expenses	56,121,336	60,501,649	72,017,600	78,317,138	87,556,239
Total primary government expenses	$ 184,185,109	$ 193,222,984	$ 224,097,095	$ 229,047,637	$ 247,874,519
Program Revenues					
Governmental activities:					
Charges for Services:					
General government	$ 2,896,926	$ 1,492,078	$ 1,467,171	$ 3,842,116	$ 4,327,862
Police	3,449,850	2,797,246	2,552,326	1,757,760	2,033,877
Fire	1,620,136	2,187,476	2,394,449	2,631,057	3,346,928
Libraries	106,890	109,709	112,271	108,738	92,746
Development	6,299,051	7,296,819	7,264,193	9,825,165	10,637,402
Parks and recreation	1,012,260	1,054,194	965,429	1,031,799	1,048,658
Public works	-	-	-	-	-
Interest on long-term debt	528,000	528,000	528,000	-	-
Airport	4,767.00	8,325	2,199	-	-
Operating grants and contributions	2,343,700	2,459,385	2,446,548	2,051,029	2,011,757
Capital grants and contributions	20,325,797	27,495,901	28,827,649	38,427,242	48,227,810
Total governmental activities program revenues	38,587,377	45,429,133	46,560,235	59,674,906	71,727,040
Business-type activities:					
Charges for Services:					
Water/Wastewater	54,717,547	56,832,659	54,882,881	58,854,349	70,527,096
Solid Waste	6,763,746	6,874,406	7,372,250	7,598,827	8,121,069
Golf Course	115,177	116,227	105,854	88,890	34,123
Surface Water Drainage	1,880,951	1,898,269	1,998,850	2,701,864	3,517,545
Airport	-	-	4,587,659.00	5,801,175	6,411,460
Operating grants and contributions	-	-	94,582.00	67,332	54,753
Capital grants and contributions	10,797,849	14,745,211	96,783,997	18,125,746	30,335,555
Total business-type activities program revenues	74,275,270	80,466,772	165,826,073	93,238,183	119,001,601
Total primary government program revenues	$ 112,862,647	$ 125,895,905	$ 212,386,308	$ 152,913,089	$ 190,728,641

Table 2

Fiscal Year				
2017	2018	2019	2020	2021
$ 34,346,612	$ 35,050,241	$ 38,767,205	$ 46,445,188	$ 55,513,531
31,471,552	34,855,099	38,968,663	40,922,301	41,444,186
27,403,683	31,326,519	34,465,660	38,322,559	40,379,354
3,819,963	3,968,132	4,100,658	4,022,261	4,228,802
10,745,301	11,992,802	12,283,958	12,353,033	13,044,611
16,517,121	20,227,336	20,027,790	19,863,471	20,844,556
44,061,044	47,181,195	50,529,534	47,001,627	48,209,770
8,457,638	7,617,338	8,593,942	8,777,386	8,011,179
-	-	-	-	-
176,822,914	192,218,662	207,737,410	217,707,826	231,675,989
74,364,452	86,521,086	91,546,894	99,507,052	100,401,100
7,386,715	7,640,500	7,705,838	8,095,655	9,213,474
192,350	209,085	79,314	77,207	75,678
2,771,455	2,531,085	3,054,064	3,457,729	3,193,115
9,797,154	11,332,572	12,083,532	10,467,525	12,360,879
94,512,126	108,234,328	114,469,642	121,605,168	125,244,246
$ 271,335,040	$ 300,452,990	$ 322,207,052	$ 339,312,994	$ 356,920,235
$ 1,734,117	$ 8,566,014	$ 5,507,427	$ 7,507,139	$ 9,923,123
2,894,518	137,611	116,205	394,567	337,089
3,628,262	3,256,577	5,521,682	4,561,198	7,011,184
81,835	52,211	53,199	78,573	97,020
13,523,148	10,753,714	9,752,813	9,225,569	10,512,428
3,893,394	5,465,766	5,963,869	3,551,921	4,523,173
218,620.00	-	-	1,273,241.00	1,217,169
-	-	-	-	-
-	-	-	-	-
3,302,214	2,761,779	3,449,974	15,556,748	12,322,807
104,025,218	50,240,637	36,010,288	45,669,617	71,183,991
133,301,326	81,234,309	66,375,457	87,818,573	117,127,984
78,432,191	91,188,605	92,032,171	102,017,917	104,813,321
8,443,042	8,864,585	8,672,740	8,891,283	9,262,912
34,516	31,086	29,642	82,215	90,979
3,587,187	3,756,789	3,907,784	4,076,939	4,228,166
7,149,114	8,315,001	9,639,761	8,513,417	10,071,788
49,752	32,291	50,000	207,000	141,162
30,423,073	38,937,521	18,828,599	28,014,528	20,499,226
128,118,875	151,125,878	133,160,697	151,803,299	149,107,554
$ 261,420,201	$ 232,360,187	$ 199,536,154	$ 239,621,872	$ 266,235,538

(continued)

City of McKinney, Texas
Changes in Net Position – Continued
Accrual Basis of Accounting
Last Ten Fiscal Years (Unaudited)

	Fiscal Year				
	2012	2013	2014	2015	2016
Net (Expenses) Revenue					
Governmental activities	$ (89,476,396)	$ (87,292,202)	$ (105,519,260)	$ (91,055,593)	$ (88,591,240)
Business-type activities	18,153,934	19,965,123	93,808,473	14,921,045	31,445,362
Total primary government net expenses	$ (71,322,462)	$ (67,327,079)	$ (11,710,787)	$ (76,134,548)	$ (57,145,878)
General Revenues and Other Changes in Net Assets					
Governmental activities:					
Taxes:					
Property taxes	$ 64,193,735	$ 65,707,908	$ 70,586,659	$ 79,819,213	$ 90,581,621
Sales and use taxes	18,392,901	20,364,397	21,298,884	23,041,949	25,360,264
Franchise taxes	12,051,980	12,759,298	13,630,462	13,858,355	14,162,263
Other taxes and fees	846,135	334,465	298,151	434,494	417,981
Investment income	-	-	-	370,660	1,153,094
Miscellaneous	618,827	2,593,617	4,282,531	2,833,951	715,114
Special item	-	-	-	-	-
Transfers	2,798,302	2,854,211	(15,104,793)	2,965,135	336,638
Prior period adjustment	-	-	-	(21,468,683)	-
Total governmental activities	98,901,880	104,613,896	94,991,894	101,855,074	132,726,975
Business-type activities:					
Investment income	924,457	662,230	565,121	663,128	1,216,134
Gain(loss) on sale of capital assets	22,270	60,150	(851,572)	(92,106)	-
Contributions	-	-	-	-	-
Miscellaneous	-	-	-	-	239,486
Transfers	(2,798,302)	(2,854,211)	15,104,793	(2,965,135)	(3,336,638)
Prior period adjustment	-	-	-	(2,552,917)	-
Total business-type activities	(1,851,575)	(2,131,831)	14,818,342	(4,947,030)	(1,881,018)
Total primary government	$ 97,050,305	$ 102,482,065	$ 109,810,236	$ 96,908,044	$ 130,845,957
Change in Net Position					
Governmental activities	$ 9,425,484	$ 17,321,694	$ (10,527,366)	$ 10,799,481	$ 44,135,735
Business-type activities	16,302,359	17,833,292	108,626,815	9,974,015	29,564,344
Total primary government	$ 25,727,843	$ 35,154,986	$ 98,099,449	$ 20,773,496	$ 73,700,079

Source: Annual Comprehensive Financial Report

Table 2

Fiscal Year				
2017	**2018**	**2019**	**2020**	**2021**
$ (43,521,588)	$ (110,984,353)	$ (141,361,953)	$ (129,889,253)	$ (114,548,005)
33,606,749	42,891,550	18,691,055	30,198,131	23,863,308
$ (9,914,839)	$ (68,092,803)	$ (122,670,898)	$ (99,691,122)	$ (90,684,697)
$ 101,593,480	$ 107,281,843	$ 116,385,145	$ 123,658,379	$ 128,658,123
27,117,534	29,078,546	30,724,015	34,034,802	39,079,155
14,790,276	16,253,134	16,056,901	15,960,438	16,388,178
2,651,192	338,030	340,802	324,892	300,843
2,314,659	3,994,843	8,232,558	4,361,646	353,691
11,936,004	820,319	692,096	1,442,160	2,336,108
-	-	(15,533,759)	-	-
1,596,987	(20,387,661)	4,426,814	1,338,652	6,403,490
-	(11,376,160)	-	-	-
162,000,132	126,002,894	161,324,572	181,120,969	193,519,588
1,828,821	3,891,835	5,909,199	4,012,688	2,154,417
-	-	-	-	176,395
-	-	-	-	-
1,739,619	314,024	225,067	62,560	1,319,554
(1,596,987)	20,387,661	(4,426,814)	(1,338,652)	(6,403,490)
-	(1,643,037)	-	-	-
1,971,453	22,950,483	1,707,452	2,736,596	(2,753,124)
$ 163,971,585	$ 148,953,377	$ 163,032,024	$ 183,857,565	$ 190,766,464
$ 118,478,544	$ 15,018,541	$ 19,962,619	$ 51,231,716	$ 78,971,583
35,578,202	65,842,033	20,398,507	32,934,727	21,110,184
$ 154,056,746	$ 80,860,574	$ 40,361,126	$ 84,166,443	$ 100,081,767

(concluded)

City of McKinney, Texas

Fund Balances, Governmental Funds
(Modified Accrual Basis of Accounting)
Last Ten Fiscal Years (Unaudited)

	Fiscal Year				
	2012	2013	2014	2015	2016
General Fund					
Non-spendable:					
Inventory	$ 193,885	$ 210,392	$ 241,881	$ 331,605	$ 46,072
Prepaid items	304,556	295,637	532,207	852,860	1,253,144
Land held for sale	315,194	-	-	-	-
Note receivable from component unit	1,647,500	287,500	-	-	-
Restricted:					
Law enforcement	-	-	-	-	-
Court	-	-	-	-	350,172
Assigned:					
APEX	-	-	-	-	-
Capital equip replacement	-	-	-	-	-
Disaster relief	-	-	-	-	-
OPEB	-	-	2,026,617	2,485,326	2,811,040
Public & performing arts	1,692,681	1,855,500	-	-	-
Unassigned	46,207,763	48,144,225	39,038,915	45,819,513	61,145,601
Total general fund	$ 50,361,579	$ 50,793,254	$ 41,839,620	$ 49,489,304	$ 65,606,029
All Other Governmental Funds					
Non-spendable:					
Prepaid items	$ 18,976	$ 16,174	$ 19,817	$ 48,664	$ 92,305
Restricted:					
Debt service	1,719,641	2,240,054	2,917,011	2,917,011	3,894,517
Street construction	31,346,331	33,107,139	30,631,205	64,887,370	65,976,278
Other capital projects funds	36,259,889	46,153,392	50,015,128	65,017,451	89,308,763
Law enforcement	549,780	768,113	855,456	558,905	564,486
Fire	23,983	35,664	40,567	42,963	49,898
PEG	-	-	-	1,493,395	1,825,885
Library	168,894	242,609	248,630	224,501	203,093
Community housing	56,485	90,025	85,617	73,787	73,536
Parks	6,371	16,109	15,412	13,751	14,067
Hotel/Motel	309,242	513,456	779,686	1,312,903	2,210,837
Transit	-	-	-	-	-
Grants	395,946	335,943	349,064	269,985	257,398
Assigned:					
Capital equip replacement	-	-	-	-	-
Unassigned, reported in:					
Special revenue funds	-	-	-	918,558	-
Total all other governmental funds	$ 70,855,538	$ 83,518,678	$ 85,957,593	$ 137,779,244	$ 164,471,063

Source: Annual Comprehensive Financial Report

Table 3

Fiscal Year				
2017	2018	2019	2020	2021
$ 53,892	$ 44,571	$ 199,357	$ 214,349	$ 222,215
3,279,895	7,674,570	4,513,569	3,950,805	3,800,850
-	-	-	-	-
-	-	-	-	-
10,972	-	24,393	17,489	27,079
383,860	412,412	530,241	558,328	563,451
-	-	1,095,519	-	-
10,155,890	9,926,152	10,018,610	14,439,146	18,760,715
516,552	516,552	516,552	516,552	486,750
3,317,131	4,374,343	5,511,473	6,565,427	8,571,638
408,640	460,935	464,845	387,047	900,228
62,349,115	53,483,079	60,705,461	68,822,244	76,278,393
$ 80,475,947	$ 76,892,614	$ 83,580,020	$ 95,471,387	$ 109,611,319
$ 91,159	$ 96,403	$ 3,843	$ 773,238	$ 96,106
4,605,297	5,550,814	5,964,590	7,261,008	6,035,844
66,288,158	96,232,002	120,407,707	116,715,835	100,005,803
85,952,066	73,143,080	86,739,600	107,003,994	120,416,305
522,618	488,596	503,467	615,743	544,838
42,529	31,857	41,659	41,946	43,228
1,334,050	1,504,203	1,864,718	2,078,723	2,381,953
131,231	84,924	75,015	52,704	39,116
227,770	224,977	204,597	29,961	26,700
10,423	2,628	109	109	-
2,919,895	3,805,453	4,610,787	4,995,846	4,998,878
72,153	74,813	183,121	309,696	288,411
180,313	178,151	27,623	41,389	14,315
6,642,090	7,439,148	-	-	-
-	-	-	(381,595)	-
$ 169,019,752	$ 188,857,049	$ 220,626,836	$ 239,538,597	$ 234,891,497

City of McKinney, Texas

Changes in Fund Balances, Governmental Funds
(Modified Accrual Basis of Accounting)
Last Ten Fiscal Years (Unaudited)

	Fiscal Year				
	2012	2013	2014	2015	2016
REVENUES					
Property taxes	$ 64,194,518	$ 66,252,931	$ 70,362,574	$ 79,955,673	$ 90,670,647
Sales and use taxes	18,342,838	20,335,968	21,278,009	23,041,949	25,360,264
Franchise taxes	12,113,230	12,725,594	13,696,854	13,767,129	14,162,263
Other taxes and fees	-	-	-	434,494	417,981
Licenses and permits	7,204,700	8,154,941	8,168,583	10,537,838	11,484,965
Intergovernmental	5,656,795	5,832,483	5,405,262	5,434,807	4,249,380
Charges for services	5,892,485	4,957,547	5,074,643	6,721,752	7,941,488
Fines and forfeitures	2,507,707	2,499,512	2,191,902	2,029,116	2,061,020
Investment income	846,135	330,063	291,194	370,660	1,153,094
Contributions	7,438,881	10,030,426	12,053,759	14,229,992	13,117,358
Miscellaneous	661,477	282,923	367,552	533,192	715,114
Total revenues	124,858,766	131,402,388	138,890,332	157,056,602	171,333,574
EXPENDITURES					
General government	19,020,719	19,336,330	30,876,833	22,228,405	23,766,504
Police	20,285,700	22,036,551	24,603,118	25,545,773	27,074,194
Fire	17,302,735	19,409,153	21,004,629	22,848,846	23,588,822
Libraries	2,775,484	2,826,451	2,868,747	3,279,002	3,379,840
Development	8,119,293	8,750,307	9,617,376	10,291,439	10,074,158
Parks and recreation	6,954,994	7,504,161	7,804,340	8,072,018	8,977,206
Public works	10,882,395	11,097,574	12,150,458	13,857,657	13,007,662
Airport	565,000	613,513	-	-	-
Capital outlay	13,503,040	16,299,213	34,224,581	24,259,961	20,225,428
Debt service:					
Principal retirement	10,390,000	10,755,000	10,810,000	13,485,000	16,452,929
Interest and fiscal charges	9,466,819	8,823,139	9,304,662	9,434,720	10,836,635
Total expenditures	119,266,179	127,451,392	163,264,744	153,302,821	157,383,378
Excess (deficiency) of revenues over (under) expenditures	5,592,587	3,950,996	(24,374,412)	3,753,781	13,950,196
OTHER FINANCING SOURCES (USES)					
Other financing source-issuance of long-term debt	14,670,000	24,925,000	56,370,000	45,715,000	57,530,000
Other financing source-issuance of refunding debt	-	-	-	-	-
Deposit to escrow account	(16,685,444)	(21,716,799)	(27,119,524)	-	(44,520,122)
Premium on issuance of debt	2,127,248	3,019,430	3,687,285	-	8,868,878
Proceeds from capital lease	-	-	-	-	-
Proceeds from sale of property	205,236	61,977	25,972	28,488	3,436,712
Transfers in	4,505,981	9,866,340	9,022,444	5,027,413	8,778,072
Transfers out	(1,707,679)	(7,012,129)	(24,127,237)	(2,062,278)	(5,235,192)
Total other financing sources (uses)	3,115,342	9,143,819	17,858,940	48,708,623	28,858,348
NET CHANGE IN FUND BALANCES	$ 8,707,929	$ 13,094,815	$ (6,515,472)	$ 52,462,404	$ 42,808,544
Debt service as a percentage of noncapital expenditures	18.8%	17.6%	15.6%	17.8%	19.9%

Source: Annual Comprehensive Financial Report

Table 4

Fiscal Year				
2017	2018	2019	2020	2021
$ 100,499,796	$ 107,623,520	$ 116,119,443	$ 123,582,887	$ 128,375,111
27,117,534	29,078,546	30,724,015	34,034,802	39,079,155
14,790,276	16,167,036	16,071,697	15,992,927	16,372,451
353,059	338,030	340,802	324,892	300,843
14,883,837	11,495,904	10,621,061	10,280,327	11,139,206
8,742,283	5,060,919	8,023,758	21,000,522	24,285,816
9,791,668	11,218,065	14,010,421	11,993,140	16,146,813
2,134,066	2,105,678	1,977,485	1,083,305	1,188,076
2,314,659	3,994,843	8,232,558	4,361,646	353,691
14,274,613	16,539,875	14,441,202	23,528,430	15,584,880
11,936,005	820,319	692,096	1,407,669	2,043,062
206,837,796	204,442,735	221,254,538	247,590,547	254,869,104
28,600,730	29,039,706	33,980,586	42,185,516	46,768,322
29,519,229	33,382,794	35,807,519	37,706,173	39,463,178
24,934,620	27,961,499	30,805,408	34,353,873	37,275,608
3,382,296	3,533,097	3,624,482	3,530,954	3,835,700
10,397,360	11,670,785	11,789,924	11,911,476	12,754,482
12,822,926	15,349,806	14,308,835	14,517,672	15,746,290
14,329,110	15,961,755	19,608,279	15,719,389	15,274,954
-	-	-	-	-
38,130,013	36,517,520	54,653,933	74,216,993	104,058,039
18,309,211	22,096,915	26,000,736	30,472,459	28,365,000
11,210,643	10,523,333	11,431,733	11,986,567	12,184,861
191,636,138	206,037,210	242,011,435	276,601,072	315,726,434
15,201,658	(1,594,475)	(20,756,897)	(29,010,525)	(60,857,330)
21,965,000	30,875,000	59,055,000	48,375,000	54,940,000
-	-	-	19,225,000	14,257,385
(24,461,495)	-	(17,041,496)	(22,303,303)	(14,286,145)
2,695,707	2,101,985	7,684,725	11,835,261	3,748,851
-	-	4,600,000	-	-
1,648,564	253,724	332,871	447,122	3,286,581
14,421,247	6,775,730	12,770,820	18,689,070	26,199,244
(12,255,341)	(22,158,000)	(8,187,830)	(16,350,418)	(17,795,754)
4,013,682	17,848,439	59,214,090	59,917,732	70,350,162
$ 19,215,340	$ 16,253,964	$ 38,457,193	$ 30,907,207	$ 9,492,832
19.2%	19.2%	20.0%	21.0%	19.2%

City of McKinney, Texas **Table 5**

Assessed Value of Taxable Property
Last Ten Fiscal Years (Unaudited)

Fiscal Year	Residential Property	Commercial Property	Lots, Land and Farms Property	Less: Tax-Exempt Property	Total Taxable Assessed Value[a]	Total Direct Tax Rate
2012	$ 7,987,599,999	$ 2,824,853,811	$ 1,172,661,685	$ 1,138,232,846	$ 10,846,882,649	0.58550
2013	8,191,878,816	2,813,905,174	1,167,916,179	1,145,549,714	11,028,150,455	0.58550
2014	8,912,765,220	2,923,157,524	1,197,788,548	2,104,215,838	10,929,495,454	0.58550
2015	10,330,477,753	3,120,649,093	1,331,499,993	1,308,701,373	13,473,925,466	0.58300
2016	12,029,014,758	3,398,536,705	1,406,368,521	1,506,353,094	15,327,566,890	0.58300
2017	13,788,110,133	3,684,032,886	1,544,443,201	1,714,554,267	17,302,031,953	0.57300
2018	15,746,203,971	4,019,370,476	1,745,114,030	2,156,646,234	19,354,042,243	0.54020
2019	17,585,844,495	4,485,613,005	1,741,806,959	2,237,471,428	21,575,793,031	0.52517
2020	18,893,447,506	5,119,490,210	1,619,160,306	2,385,536,687	23,246,561,335	0.51560
2021	19,865,885,149	5,419,848,428	1,501,039,610	2,459,681,950	24,327,091,237	0.50865

Source: City of McKinney Budget Document
Collin Central Appraisal District

Note: Property in Collin County is reassessed once every five years on average.
The County assesses property at 100% of its market value. Tax rates are per $100 of assessed value.

[a] Includes adjustments to certified rolls
Fiscal Year reports Certified Tax Report from prior calendar year

City of McKinney, Texas

Table 6

Direct and Overlapping Property Tax Rates (Per $100 of Assessed Value)
Last Ten Fiscal Years (Unaudited)

	City Direct Rates			Overlapping Rates							
Fiscal Year	Operating/ General Rate	General Obligation Debt Service	Total Direct	McKinney Independent School District	Allen Independent School District	Frisco Independent School District	Melissa Independent School District	Prosper Independent School District	Love Joy Independent School District	Collin County	Collin College District
2012	0.40506	0.18044	0.58550	1.54000	1.67000	1.42000	1.54000	1.67000	1.53500	0.24000	0.08630
2013	0.41220	0.17330	0.58550	1.54000	1.67000	1.46000	1.54000	1.67000	1.53500	0.24000	0.08630
2014	0.42179	0.16371	0.58550	1.67000	1.67000	1.46000	1.54000	1.67000	1.53500	0.23750	0.08364
2015	0.41544	0.16756	0.58300	1.67000	1.64000	1.46000	1.54000	1.67000	1.56000	0.23500	0.08196
2016	0.40997	0.17303	0.58300	1.67000	1.61000	1.46000	1.67000	1.67000	1.56000	0.22500	0.08196
2017	0.40177	0.17123	0.57300	1.62000	1.59000	1.46000	1.67000	1.67000	1.67000	0.20840	0.08122
2018	0.37561	0.16459	0.54020	1.62000	1.57000	1.46000	1.67000	1.67000	1.67000	0.19225	0.07981
2019	0.36239	0.16278	0.52517	1.59000	1.55000	1.44000	1.67000	1.67000	1.67000	0.18079	0.08122
2020	0.35539	0.16021	0.51560	1.48835	1.45890	1.33830	1.56835	1.56835	1.56835	0.17495	0.08122
2021	0.35471	0.15393	0.50865	1.47470	1.43250	1.31020	1.46300	1.49270	1.55470	0.17253	0.08122

Source: Collin Central Appraisal District

City of McKinney, Texas **Table 7**

Principal Tax Payers

Current Year and Ten Years Ago (Unaudited)

	2021			2012		
Taxpayer	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value[a]	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value[b]
Encore Wire Corporation	$ 213,664,900	1	0.88%	$ 115,725,045	1	1.07%
Craig Ranch PT MFA I LP (Parkside At Craig Ranch)	155,985,098	2	0.64%	-		-
Raytheon TI Systems	142,318,728	3	0.59%	73,951,875	2	0.68%
WMCI Dallas VI LLC	112,000,000	4	0.46%	-		-
BT-JV MS LLC	81,779,889	5	0.34%	-		-
Saxon Lennox LLC & Saxon 3833 Brookstone LLC	72,685,520	6	0.30%	-		-
Oncor Electric Delivery Co.	72,530,390	7	0.30%	50,639,060	4	0.47%
Columbia Medical Center of McKinney	68,058,008	8	0.28%	56,102,335	3	0.52%
NREA Retreat DST	65,396,084	9	0.27%	-		-
Fairways Wilson Creek Apartments LLC	64,100,000	10	0.26%	-		-
McKinney Towne Crossing LP	-		-	40,660,462	5	0.37%
Blockbuster Video Inc	-		-	38,497,782	6	0.35%
Covington Cameron Acquisition LLC	-		-	37,640,000	7	0.35%
West Eldorado TX Partners LLC (Saxon Woods)	-		-	33,590,000	8	0.31%
Western Rim Investors	-		-	33,409,800	9	0.31%
TMK Properties LP	-		-	33,200,000	10	0.31%
Total	$1,048,518,617		4.31%	$ 513,416,359		4.73%

Source: Collin County Tax Assessor and Collector

Notes: [a] Taxpayers are assessed on January 1, 2020 (2020 tax year) for the 2021 fiscal year.
[b] Taxpayers are assessed on January 1, 2011 (2011 tax year) for the 2012 fiscal year.

City of McKinney, Texas **Table 8**

Ad Valorem Tax Levies and Collections
Last Ten Fiscal Years (Unaudited)

		Collected within the Fiscal Year of the Levy			Total Collections to Date	
Fiscal Year Ended September 30	Total Tax Levy for Fiscal Year	Amount	Percentage of levy	Collections in Subsequent Years	Amount	Percentage of levy
2012	$ 64,126,575	$ 63,014,520	98.27%	$ 1,065,141	$ 64,079,661	99.93%
2013	65,382,528	64,302,483	98.35%	1,039,925	65,342,408	99.94%
2014	70,570,409	69,377,804	98.31%	1,142,126	70,519,930	99.93%
2015	79,073,722	78,046,228	98.70%	969,359	79,015,587	99.93%
2016	89,456,589	88,635,948	99.08%	743,333	89,379,281	99.91%
2017	99,381,393	98,638,066	99.25%	646,585	99,284,651	99.90%
2018	106,113,591	105,628,137	99.54%	348,778	105,976,915	99.87%
2019	115,332,541	114,771,851	99.51%	332,888	115,104,739	99.80%
2020	122,880,727	122,267,894	99.50%	333,553	122,601,446	99.77%
2021	127,163,182	126,761,242	99.68%	-	126,761,242	99.68%

Source: Collin County Tax Assessor and Collector

City of McKinney, Texas **Table 9**

Ratio of Outstanding Debt By Type
Last Ten Fiscal Years (Unaudited)

	Governmental Activities				Business-Type Activities				
Fiscal Year	General Obligation Bonds	Certificates of Obligation	Tax Notes	Other Obligations	Water and Sewer Revenue Bonds	Other Obligations	Total Primary Government	Percentage of Personal Income[a]	Per Capita[a]
2012	$140,685,000	$ 64,990,000	$ -	$9,127,211	$ 74,040,000	$ 751,312	$ 289,593,523	6.73%	$ 2,128
2013	132,770,000	65,835,000	-	13,003,078	68,980,000	1,637,718	282,225,796	6.20%	2,004
2014	144,245,000	68,875,000	4,910,000	8,353,993	64,415,000	1,786,567	292,585,560	6.00%	1,969
2015	192,241,210	66,151,279	5,031,638	1,732,249	66,009,020	-	331,165,396	6.50%	2,135
2016	210,133,796	54,330,000	3,792,501	1,379,321	79,937,575	-	349,573,193	6.36%	2,159
2017	202,283,166	43,080,000	2,540,676	1,095,110	114,746,638	-	363,745,591	6.16%	2,161
2018	213,360,338	41,200,000	1,276,423	803,196	119,652,993	-	376,292,950	5.97%	2,093
2019	242,236,416	35,045,000	-	4,552,459	148,292,986	-	430,126,861	5.88%	2,290
2020	272,681,323	32,330,000	-	-	161,152,389	-	466,163,712	6.02%	2,386
2021	314,887,191	17,275,000	-	-	184,308,370	-	516,470,561	6.48%	2,602

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.
[a]See Table 14 for personal income and population data.

City of McKinney, Texas **Table 10**

Ratio of General Bonded Debt Outstanding
Last Ten Fiscal Years (Unaudited)

Fiscal Year	General Bonded Debt Outstanding					Percentage of Actual Taxable Value of Property[a]	Per Capita[b]
	General Obligation Bonds	Certificates of Obligation	Tax Notes	Less: Amounts Restricted for Debt Service	Net		
2012	$ 140,685,000	$ 64,990,000	$ -	$ 888,855	$ 204,786,145	1.89%	$ 1,512
2013	132,770,000	65,835,000	-	1,285,455	197,319,545	1.79%	1,410
2014	144,245,000	68,875,000	4,910,000	2,104,797	215,925,203	1.98%	1,468
2015	192,241,210	66,151,279	5,031,638	4,107,035	259,317,092	1.92%	1,698
2016	210,133,796	54,330,000	3,792,501	3,894,517	264,361,780	1.72%	1,657
2017	202,283,166	43,080,000	2,540,676	4,605,297	243,298,546	1.41%	1,472
2018	213,360,338	41,200,000	1,276,423	5,550,814	250,285,947	1.29%	1,423
2019	242,236,416	35,045,000	-	5,964,590	271,316,826	1.26%	1,476
2020	272,681,323	32,330,000	-	6,147,185	298,864,138	1.29%	1,561
2021	314,887,191	17,275,000	-	4,999,807	327,162,384	1.34%	1,673

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.
[a]See Table 5 for property value data.
[b]See Table 14 for population data.

City of McKinney, Texas **Table 11**

Legal Debt Margin Information
Last Ten Fiscal Years (Unaudited)

	Fiscal Year									
	2012	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**
Tax Rate Limit	$ 2.50	$ 2.50	$ 2.50	$ 2.50	$ 2.50	$ 2.50	$ 2.50	$ 2.50	$ 2.50	$ 2.50
Current Tax Rate	0.5855	0.5855	0.5855	0.5830	0.5830	0.5730	0.5402	0.5252	0.5156	0.5086
Available Tax Rate	$ 1.91	$ 1.91	$ 1.91	$ 1.92	$ 1.92	$ 1.93	$ 1.96	$ 1.97	$ 1.98	$ 1.99

Note: The City Charter of the City of McKinney, Texas does not provide for a debt limit. Under provisions of state law, the maximum tax rate is limited to $2.50 per $100 assessed valuation. No direct bond debt limitation is imposed on the City under current state law or the City's Charter.

City of McKinney, Texas **Table 12**

Direct and Overlapping Governmental Activities Debt
September 30, 2021 (Unaudited)

Governmental Unit	Gross Bonded Debt	Estimated Percentage Applicable[a]	McKinney Share of Overlapping Debt
Debt repaid with property taxes			
McKinney ISD	$ 517,065,000	87.16%	$ 450,649,052
Collin College District	575,747,183	15.68%	90,296,081
Collin County	526,975,000	15.65%	82,483,761
Allen ISD	632,680,730	9.24%	58,440,294
Frisco ISD	2,184,115,726	14.92%	325,899,260
Melissa ISD	463,330,890	7.49%	34,708,655
Prosper ISD	1,143,035,164	24.82%	283,712,331
Lovejoy ISD	148,362,326	2.50%	3,709,627
Subtotal, overlapping debt	6,191,312,019		1,329,899,060
City of McKinney (direct debt)	332,162,191	100.00%	332,162,191
Total direct and overlapping debt			$ 1,662,061,251

Source: Assessed value data used to estimate applicable percentages provided by Collin County Central Appraisal District. Debt outstanding data provided by each governmental unit.

Note: [a] The percentage of overlapping debt applicable is estimated using taxable assessed property values (before freeze loss). Applicable percentages were estimated by determining the portion of another governmental unit's taxable assessed value that is within the city's boundaries and dividing it by each unit's total taxable assessed value.

City of McKinney, Texas **Table 13**

Pledged-Revenue Coverage
Last Ten Fiscal Years (Unaudited)

	Water and Sewer System Revenue Bonds				
Fiscal Year	Total Revenues[a]	Less: Operating Expenses[b]	Net Available Revenue	Annual Requirement[c]	Times Coverage
2012	$ 55,403,332	$ 37,820,688	$ 17,582,644	$ 4,979,317	3.53
2013	57,208,779	41,360,736	15,848,043	4,523,586	3.50
2014	55,313,403	44,364,584	10,948,819	4,155,783	2.63
2015	59,442,114	49,810,061	9,632,053	4,110,810	2.34
2016	71,714,020	57,597,770	14,116,250	4,861,938	2.90
2017	80,127,546	61,991,651	18,135,895	7,052,254	2.57
2018	94,797,855	71,430,215	23,367,640	7,357,075	3.18
2019	97,348,390	75,818,700	21,529,690	9,099,568	2.37
2020	105,594,093	82,259,416	23,334,677	9,738,690	2.40
2021	108,043,200	82,110,691	25,932,509	11,024,573	2.35

Note: [a]Includes operating and investment income.
[b]Includes operating expenses minus depreciation.
[c]Includes Principal and Interest (represents average annual requirement)

City of McKinney, Texas **Table 14**

Demographic and Economic Statistics
Last Ten Calendar Years (Unaudited)

Year	Estimated Population[a]	Personal Income[b]	Per Capita Personal Income[e]	Median Age[e]	Median Household Income[d]	School Enrollment[c]	Unemployment Rate[d]
2012	136,067	$ 4,304,479,545	$ 31,635	32	$ 78,256	24,461	5.90%
2013	140,826	4,550,088,060	32,310	33.6	79,171	24,533	5.60%
2014	148,559	4,880,014,591	32,849	30.6	81,118	24,791	4.50%
2015	155,142	5,096,259,558	32,849	33	81,118	24,765	3.40%
2016	161,905	5,495,217,605	33,941	33.3	82,988	24,827	3.60%
2017	168,358	5,906,672,072	35,084	34.6	83,257	25,992	3.30%
2018	179,804	6,308,243,536	35,084	35.9	93,546	24,666	3.30%
2019	187,802	7,314,700,098	38,949	36.4	90,725	24,717	3.00%
2020	195,342	7,740,817,434	39,627	37.0	89,828	24,590	6.50%
2021	198,507	7,972,239,627	40,161	37.2	93,354	23,394	3.70%

Sources: [a] Source Data: McKinney Planning Department as of January 1st for each respective year.
[b] Personal income calculated by multiplying estimated population by per capita personal income.
[c] Source Data: McKinney Independent School District
[d] Source Data: Texas Workforce Commission for month ending September
[e] Source Data: US Census Bureau

City of McKinney, Texas **Table 15**

Principal Employers

Current and Ten Years Ago (Unaudited)

	2021			2012		
Employer	**Employees**	**Rank**	**Percentage of Total City Employment**	**Employees**	**Rank**	**Percentage of Total City Employment**
Raytheon Intelligence and Space	3,658	1	3.52%	3,700	1	5.80%
McKinney ISD	2,814	2	2.71%	2,582	2	4.05%
Collin County	1,915	3	1.84%	1,659	3	2.60%
Globe Life	1,600	4	1.54%	-		-
City of McKinney	1,377	5	1.32%	835	6	1.31%
Encore Wire Corporation	1,325	6	1.27%	800	7	1.25%
Independent Financial	866	7	0.83%	-		-
Collin College	748	8	0.72%	622	10	0.98%
Baylor	700	9	0.67%	-		-
Medical City McKinney	670	10	0.64%	1,105	4	1.73%
Lattimore Materials	-		-	1,100	5	1.73%
Torchmark / United American Ins.	-		-	800	8	1.25%
Watson & Chalin	-		-	800	9	1.25%
Total	15,673		15.07%	14,003		21.96%

Source: Top Ten Employer data provided by McKinney Economic Development Corporation, McKinney ISD, Collin College. Total City Employment provided by Texas Workforce Commission (TWC).

City of McKinney, Texas **Table 16**

Full-Time Equivalent City Government Employees by Function/Program
Last Ten Fiscal Years (Unaudited)

	Fiscal Year									
Function/Program	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**
General government	91.0	98.5	101.5	109.8	121.8	124.0	131.0	134.0	143.5	148.0
Police	206.0	219.0	236.0	238.0	244.0	261.0	275.0	289.0	298.0	304.0
Fire	164.5	167.5	171.5	174.5	188.0	191.0	195.0	221.0	227.0	229.0
Libraries	32.8	38.6	38.6	40.0	41.0	41.0	41.0	42.9	44.8	45.8
Development	81.5	82.5	92.0	95.0	96.0	101.5	109.5	113.5	116.5	118.0
Parks and recreation	85.0	87.0	87.0	91.8	147.4	155.9	192.3	202.9	207.4	212.4
Public works	61.7	61.4	66.9	71.1	75.8	74.5	78.5	83.5	88.0	91.5
Water/wastewater	74.7	73.0	77.4	80.6	94.6	103.1	109.5	117.0	127.5	140.5
Surface water drainage	11.0	11.0	14.3	14.3	15.3	16.5	16.5	18.5	22.0	23.0
Solid Waste	12.0	12.0	13.0	13.0	13.0	14.5	16.0	16.5	20.5	20.5
Airport	-	-	23.0	23.5	23.0	24.0	24.0	25.0	29.0	29.0
Total[a]	820.2	850.5	921.1	951.5	1,059.9	1,107.0	1,188.3	1,263.8	1,324.2	1,361.7

Source: City of McKinney Budget Book

[a] Excludes: Economic Development (MEDC), Community Development (MCDC), and Visitor's Bureau (MCVB) employees

City of McKinney, Texas

Operating Indicators by Function/Program

Last Ten Fiscal Years (Unaudited)

Function/Program	Fiscal Year 2012	2013	2014	2015	2016
Police					
Number of police officers	161	187	188	192	193
Number of violations (citations)	17,366	14,944	16,966	14,524	13,380
Fire					
Number of fire fighters	153	159	161	162	177
Number of fire suppression runs	2,883	3,716	4,571	4,828	3,373
Number of EMS runs	6,936	6,613	7,170	7,642	9,537
Development Services					
Construction permits issued[a]	1,433	1,897	1,680	2,072	2,323
Estimated valuation[a]	$ 667,398,668	$ 790,302,673	$ 687,820,980	$ 972,479,911	$ 1,013,504,432
Public Works					
Streets paved (miles)	15	13	4	4	3
Street signs repaired/installed	1,260	1,299	1,750	2,979	1,483
Parks and Recreation					
Park land and municipal acreage maintained	1,834	1,834	1,834	1,834	1,857
Rounds of golf	34,400	35,121	31,400	28,500	27,314
Library					
Volumes in collection[b]	227,585	232,814	232,814	223,674	217,402
Annual circulation	1,179,539	1,205,789	1,205,789	1,401,625	1,640,857
Water and Wastewater					
Number of water customers	44,644	46,791	49,456	51,636	52,922
Average daily water consumption (millions of gallons	28.5	26.7	24.0	25.3	28.8
Maximum storage capacity (million of gallons)	44.0	44.0	46.0	48.0	62.0
Solid Waste					
Recyclables collected (tons)[c]	19,651	21,675	23,480	19,723	19,991
Solid waste collected (tons)	117,587	123,928	127,467	138,488	135,425
Airport[d]					
Av Gas Gallons Sold	-	-	-	158,549	186,763
Jet Fuel Gallons Sold	-	-	-	986,105	1,167,799
Aircraft Operations	-	-	-	105,232	118,684

Source: City Departments

Note:
[a] Includes residential, commercial & vertical mixed-use permits for new buildings and additions; does not include minor additions and alterations.
[b] Includes books and media.
[c] Recyclable material, by definition, comprises both MRF tons (residental and commerical) and compost tons.
[d] Acquired airport fixed based operations (FBO) in FY14. First full year of airport FBO recorded in FY15.

Table 17

Fiscal Year				
2017	**2018**	**2019**	**2020**	**2021**
209	209	218	226	230
17,504	13,767	12,393	7,206	8,397
183	186	208	209	218
3,700	4,753	4,283	4,952	6,147
10,333	10,297	10,965	9,866	11,552
2,758	2,582	1,900	1,774	2,140
$ 1,312,108,523	$ 1,111,169,537	$ 1,090,531,103	$ 995,378,013	$ 903,054,440
6	2	5	7	5
835	1,330	1,036	1,800	788
1,834	1,952	2,000	2,754	3,187
27,138	23,958	22,300	38,718	41,226
210,936	209,120	200,996	202,473	205,570
1,741,330	1,820,255	1,869,938	1,032,887	1,551,370
56,512	58,955	60,730	62,398	64,617
28.8	32.2	33.2	33.3	32
62.0	62.0	62.0	62.0	70
22,390	28,550	23,815	21,877	25,136
141,923	148,247	146,859	147,295	153,942
202,756	211,833	237,586	202,061	184,989
1,180,926	1,272,211	1,438,943	1,122,852	1,271,984
132,349	154,492	157,523	140,867	134,880

City of McKinney, Texas

Table 18

Capital Asset Statistics by Function/Program
Last Ten Fiscal Years (Unaudited)

Function/Program	Fiscal Year 2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units[a]	120	126	141	153	153	144	151	153	157	159
Motorcycle Units	8	7	7	9	9	7	8	8	9	7
Skywatch Towers	2	2	2	2	2	2	2	3	2	2
Trailers	-	-	4	8	8	9	5	6	4	2
Fire										
Stations	8	8	8	8	8	8	9	9	10	10
Public Works										
Streets-Paved (miles)[c]	762.0	778.0	823.0	823.0	1,200.0	1,400.0	792.0	1,389.7	1,433.4	1,423.9
Streets-Graded (miles)[c]	16.0	16.0	15.6	16.8	16.8	10.1	10.1	191.1	220.9	187.9
Streets-Unimproved (miles)	14.0	14.0	3.5	1.4	1.4	2.5	16.9	21.6	40.6	33.6
Alleys (miles)	78.0	71.2	78.0	78.0	73.0	73.0	71.3	74.8	74.8	77.2
Street lights (Including US 75)	5,901	6,147	6,333	6,776	6,790	6,790	7,651	8,682	9,167	9,293
Parks and Recreation										
Park Acreage	2,082	2,432	2,247	2,247	2,310	2,396	2,509	2,509	2,550	2,830
Public Parks	39	40	40	40	41	41	40	44	44	44
Community/Recreation Centers	3	3	3	3	3	4	4	4	4	4
Public Swimming Pools	3	3	3	3	3	4	4	4	4	4
Splash Pads	7	7	7	7	8	8	8	9	9	9
Baseball/Softball Diamonds	27	27	27	27	27	27	27	27	27	27
Tennis Courts	13	13	13	13	13	13	13	23	24	24
Soccer Fields (regulation size)	22	22	22	22	22	22	22	22	25	25
Disc Golf Course	2	2	2	2	2	2	2	2	2	2
Dog Park	-	-	1	1	1	1	1	1	1	1
Skate Park	-	1	1	1	1	1	1	1	1	1
Ice Rink[b]	1	1	1	1	1	1	1	1	1	1
Municipal Golf Course[b]	1	1	1	1	1	1	1	1	1	1
Library	2	2	2	2	2	2	2	2	2	2
Water and Wastewater										
Storage capacity (million gallons)	44.0	46.0	46.0	48.0	62.0	62.0	62.0	62.0	62.0	70.0
Water Mains (miles)	806.0	820.0	1,020.0	826.0	868.0	928.0	960.0	979.0	999.0	1,025.0
Fire Hydrants	7,473	7,734	7,823	8,030	8,384	9,042	9,466	9,769	10,173	10,530
Storm Sewer (miles)	396.0	406.0	428.0	430.0	450.0	483.0	499.0	520.0	532.5	576.6
Sanitary Sewers (miles)	620.0	662.0	672.0	628.0	653.0	693.0	713.0	718.5	731.0	741.0
Airport	1	1	1	1	1	1	1	1	1	1
Dedicated airport property (acres)	745	745	745	745	745	774	774	935	935	935
Runway length (ft) x width (ft)	7,002x150	7,002x150	7,002x150	7002x150	7002x150	7002x150	7002x150	7002x150	7002x150	7002x150

Source: City Departments

Note: [a] Per Police Department
[b] City owned, privately operated
[c] Changed from lane miles to center lane miles in FY19

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